NOVEMBER 21, 1983 THREE DOLLARS

Forbes

The Best Man for the Job?

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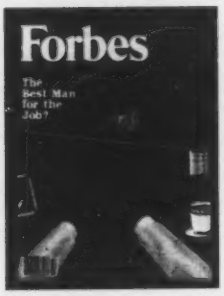

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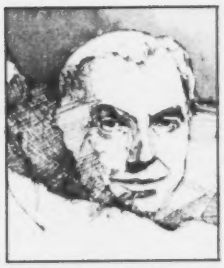

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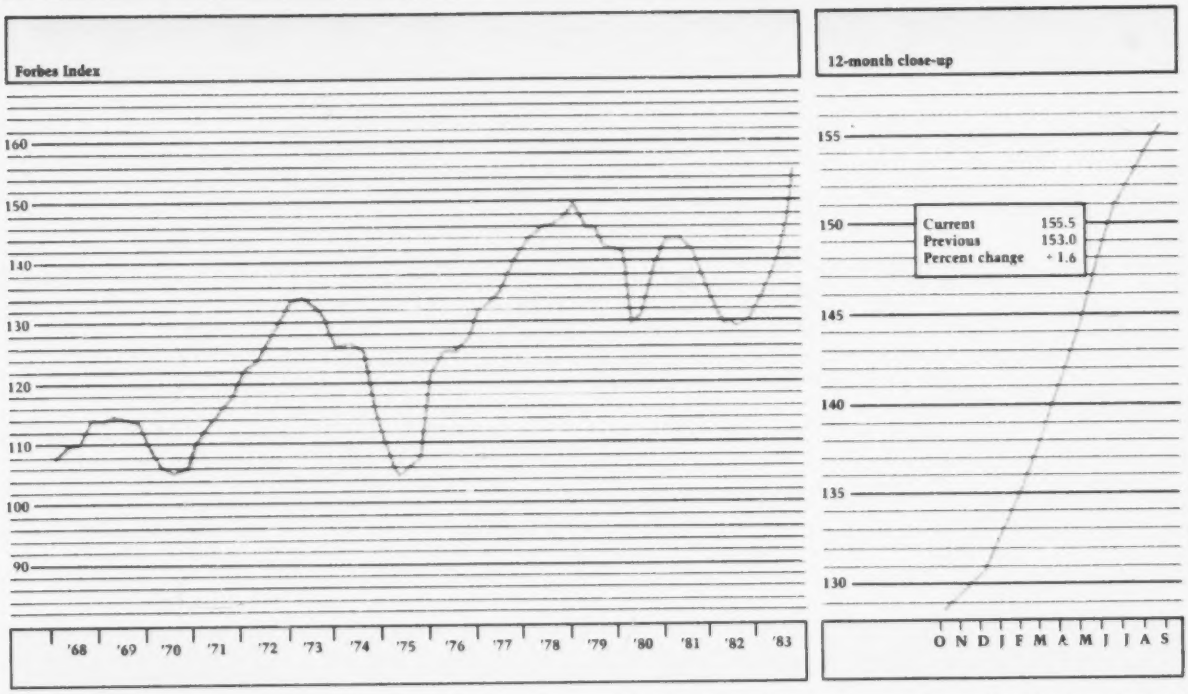
The Forbes Index



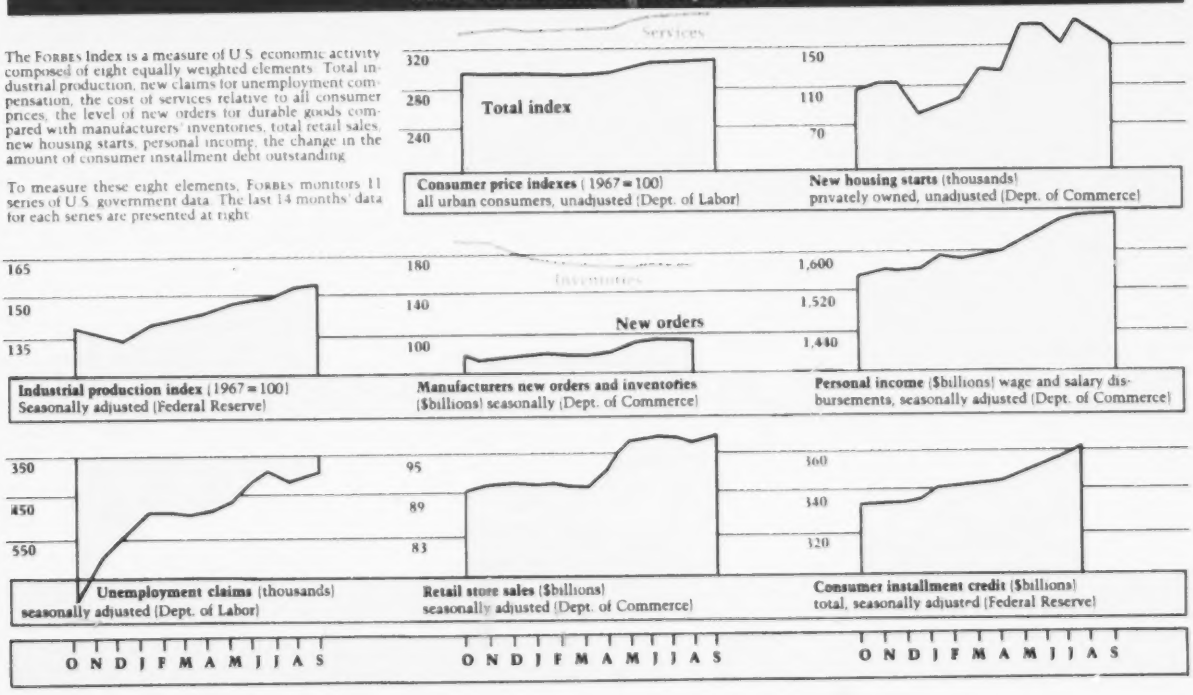
The rocky road upward. The Forbes Index posted another gain, but there are signs that the economy might face some roadblocks ahead. The good news: Personal income was up 0.6% over the previous month. But consumers will see only marginal gains in purchasing power because the CPI was up nearly 0.5% in September. This makes nearly 6% on an annual basis. The Seventies' double-digit inflation may not recur, but the low rates of the post-WWII boom years may also prove to be elusive. Of even more concern is the 0.6% gain in the services component of the CPI.

Housing doesn't look bright, either. Latest figures on new housing starts are up 44.6% from the same period last year, but down 13% on a monthly basis.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



brokers or public announcements, end up losing. Some of those professionals tend to identify changes only after they have been anticipated in stock prices. "My answer to most people," he says, "is don't play the stock market."

So what's Howard up to now? Frankly, he's puzzled. Most money managers, he notes, are "uncertain and frightened." But to keep their hand in the markets, they're playing big, safe companies with relatively low price/earnings ratios, like Philip Morris, Coca-Cola and IBM. "I'm not dealing with absolutes but with perceptions. I don't find anything particularly interesting. My perception is that expectations already are built into the market." Meaning? The uncertainty and fear are already built into stock prices, leaving little room on the short side.

The "mistake a lot of people make," he continues, "is playing the market when they don't have a strong conviction. When I don't have a great idea, I wait." For example, he feels that Lockheed is a strong company. But the stock has more than doubled in a year. "All the major institutional players know about it and already are in," he notes. He probably won't buy. Let reality fall slightly short of expectations, and the stock price will drop.

Down the road, however, Howard sees an opportunity for a major new short position: the semiconductors. "I'm probably much too early," he says. "But right now the semiconductors are a big long play by most of Wall Street because of increased demand as the economy recovers. What Wall Street forgets," he says, "is that semiconductor manufacturers are like rabbits. Let them loose, and they can't stop. Before you know it, you have an oversupply." ■

How do you win at the new issues game? Read the prospectus? Listen to your broker? Play the odds? Look at the underwriter?

Pick a name

By Richard L. Stern

As any new issue freak has learned to his or her dismay, 1983 is not shaping up as a vintage year so far as initial public offerings are concerned. The overall record of the 1983 initial public offerings, as compiled by Abrahamsen & Co., a Hoboken, N.J.-based firm that, among its services, tracks initial public offerings of $5 million and up, was not encouraging. However, by no means were all of them duds. Nor did every underwriter's offering fare equally badly. We looked at the 20 investment bankers who, acting as lead managers, raised the most money. Together they took in more than $7 billion for initial public offerings. (We left out two that had done less than five such offerings, too few for the law of averages to take effect.)

The lead broker—the one who ran the books—sets the initial offering price and so is most responsible for any misjudging of the market.

The winner is E.F. Hutton. Its 22 initial public offerings this year were up an average 22.42%, while Standard & Poor's 400 was up only 5.45% for the same period.

Not only was Hutton the winner, it was the clear winner. Of the 18 major underwriters of initial public offerings, only two besides Hutton—the San Francisco-based Hambrecht & Quist and Drexel Burnham Lambert—would have given you a return for your money significantly better than the broad stock averages, and the broad average didn't do much at all.

Which means there is a certain amount of egg on some prominent faces. Of course, the last word isn't in. It takes longer than a fraction of a year to prove out a new stock issue. But, anyhow, investment house by investment house, we list the results at left through Oct. 21 of the 1983 new issues sweepstakes. ■

More downs than ups

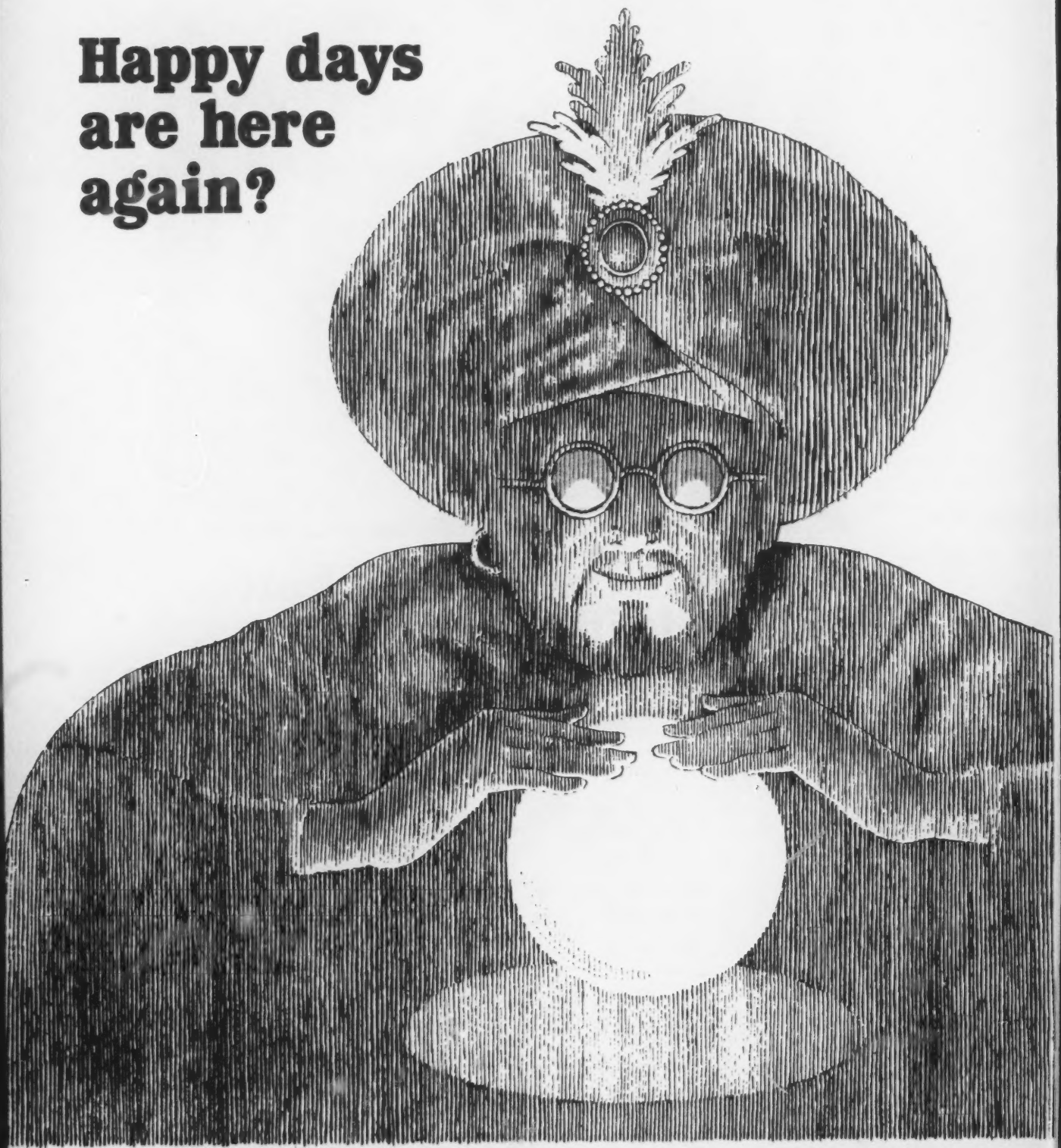
Below, the record for initial offerings from the biggest new issue houses this year. Picking the right issue was as chancy as picking an underwriter: E.F. Hutton, for instance, saw its best stock rise 174.5%, its worst fall 73.2%.

Lead manager	Number of issues lead mgr	Average gain/loss per share from offering to 10/21/83	Corresponding gain/loss S&P's 400	Net difference
EF Hutton	22	22.42%	5.45%	16.97
Hambrecht & Quist	6	10.15	3.46	6.69
Drexel Burnham	12	9.25	0.87	8.38
Alex. Brown & Sons	16	2.94	2.94	0
Dean Witter	6	1.70	4.10	–2.40
Salomon Brothers	11	1.44	4.63	–3.19
Goldman, Sachs	8	0.23	–0.38	0.61
Prudential-Bache	22	–2.19	1.90	–4.09
Kidder, Peabody	6	–3.27	0.81	–4.08
Robertson, Colman	7	–4.22	0.57	–4.79
Merrill Lynch	18	–4.50	3.00	–7.50
AG Becker Paribas	8	– 4.69	2.55	–7.24
LF Rothschild	24	–5.72	4.51	–10.23
Lehman Brothers	11	–5.96	0.18	–6.14
Morgan Stanley	8	–6.19	3.92	–10.11
First Boston	6	–11.95	1.71	–13.66
Shearson/American Express	7	–12.84	2.18	–15.02
Blyth Eastman	6	–13.37	1.57	–14.94

Source: Abrahamsen & Co.

Wall Street analysts see strong profit gains for next year. But some of the tint is coming off their rose-colored glasses.

Happy days are here again?



By Steve Kichen and Leslie Pittel

SECURITIES ANALYSTS are optimistic by nature but cautious by experience. On the whole, they are predicting that corporate earnings will be up 30% next year. And that's on top of projected 19% gains in 1983.

But now the caution creeps in. Many of the analysts are starting to trim their Bull Market enthusiasm a bit. "On balance, earnings estimates are declining," says Stan Levine, a vice president at Lynch, Jones & Ryan. His firm maintains the Institutional Brokers Estimate System, which tracks Wall Street's consensus earnings estimates for nearly 2,800 companies. "As we approach year-end, we can see that the actual earnings growth in 1983 will be somewhat lower than the current forecast," Levine explains. Never mind, though. Even trimmed a bit, the 1984 estimates are still impressive.

Should you bet your bucks on what the analysts think? In recent years, the analysts' record has been surprisingly good. Last year, at the tail end of the recession (FORBES, *Nov. 22, 1982*), they anticipated that 96% of The Forbes 500s firms would post earnings gains for 1983. More than 70% should meet that prediction.

What about calling the shots on individual companies? The analysts didn't do too badly there, either. For example, the experts expected American Broadcasting to earn $5.64 per share in 1982 and Central Soya to earn $1.76 in 1983. Actual earnings for these two firms were $5.54 and $1.68, respectively.

Of course, even the pros aren't always right. Crane Corp. lost $0.33 a share in 1982, a far cry from the $0.79 gain expected by the experts. Ford Motor, Mattel and Mead also did much worse than expected.

Bet your last dollar on such estimates? No. But as a rough guide they are useful.

The table on the following pages includes IBES consensus estimates for the majority of The Forbes 500s companies (FORBES, *May 9*). We eliminated the 127 firms where fewer than three earnings projections were available for either 1983 or 1984, so there are 681 companies in our report.

Not surprisingly, a large flock of analysts follow many of The Forbes 500s companies. For example, there were 35 professionals who contributed estimates for IBM and 29 for Mobil.

Pay special attention to the last column in our table. It presents the "confidence factor," a statistical measure of how well analysts agree on their earnings estimates. This indicates whether the projections cluster together or fall all over the lot. When it comes to IBM, for example, there is "very high" agreement among the analysts about 1984 profitability. This means that if the company earns much more or less than $10.38 a share next year, Wall Streeters will be surprised.

Because many of The Forbes 500s companies are large, stable firms, our tables are full of very high or high confidence ratings. But long-shot opportunities exist in situations where security analysts have wildly differing opinions, provided you pick the right estimate from the widely varying guesses.

That was true for Chrysler last year. We reported a consensus estimate of $2.96 a share. But the 13 projections that constituted this figure ranged from a low of $1.25 to a high of $4.65. Actual earnings for 1983 are now estimated at $6.07. Risk-takers who leaned toward the higher estimates and bought shares last fall at $9 more than trebled their money.

Where to look for similar situations in 1984? There could be good pickings along with high risk among steel, aluminum and oil service stocks. These days many of these stocks carry low confidence factors.

Then there's Chrysler, again. Analysts evidently aren't total believers in its recovery. Earnings estimates for next year range from $4.65 to $12.61. That's enough difference of opinion to receive a very low confidence factor.

Keep in mind, however, that the market has little mercy when it catches the analysts asleep. Last year both Baldwin-United and Digital Equipment carried average confidence factors. That's a big reason share prices dropped so sharply when the firms didn't live up to the expectations of the experts.

What do all these figures indicate about the stock market as a whole? If the estimates are correct, the recent price on the Dow industrials represents a multiple of only 8.7 times probable 1984 earnings. On that basis the market looks cheaper than it does on its current P/E multiple of 11.9. No wonder there is a relatively high degree of bullishness on The Street these days. ■

How we get the numbers

The relatively simple numbers on the following pages are the end product of a great deal of sophisticated work by the Institutional Brokers Estimate System, a division of Lynch, Jones & Ryan, a New York brokerage firm. IBES uses questionnaires, computers and direct contact to gather earnings estimates on almost 2,800 firms, polling more than 1,300 security analysts at 80 brokerage houses. Then The Boston Co. calls its IBM mainframe computers into action. Out come consensus estimates and standard deviations. These are the numbers we use to determine our confidence factors.

All these data are available either in printed form or through on-line time-sharing. This year, however, FORBES used the newest link to IBES—Micro/Scan computer software developed by ISYS Corp. of Cambridge, Mass. This system was created by 35-year-old Larry Moore, president of ISYS. His idea: Figure out a way to circumvent time-sharing by using a personal computer to access investment-oriented information. Moore's concept was refined and developed by his colleague, computer whiz Josef Polak, an ISYS vice president.

The secret is a disk, chock-full of data, that Micro/Scan mails every month to subscribers. With it, almost anyone who owns a microcomputer can screen stocks in seconds. The system can also convert reports into popular electronic spreadsheet formats, such as VisiCalc and Lotus 1-2-3. In addition to IBES, a variety of major databases are now available through Micro/Scan, and the 8,400-firm Disclosure, Inc. library is coming soon. Those money managers who can't wait for their monthly disk to arrive can update more quickly by telephone.

Anyone can buy the service, but it is designed—and priced—for institutional investors. Software alone costs up to $9,500.

Peering into the crystal ball: a look at 1984 earnings

Wall Street analysts think most of the following Forbes 500s companies will show big gains next year. Compare each earnings estimate to the analyst confidence factor. If the confidence factor is high, that means the analysts are in close agreement on their estimates. A low confidence factor means the opposite.

Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
AMP	104⅛	$3.31	$4.45	$5.81	30.6%	18.0	15	high
AMR	30¾	–1.00	2.03	3.82	88.2	8.1	22	low
ARA Svcs	50	3.43	4.47	5.26	17.7	9.5	5	high
Abbott Labs	51⅜	2.37	2.82	3.33	18.1	15.4	27	very high
Advanced Micro Devices	30⅛	0.39	0.88	1.40	59.1	21.5	22	low
Aetna Life & Casualty	35¾	5.80	4.13	5.00	21.1	7.2	24	low
Affiliated Bankshares of Colo	24⅝	2.97	3.06	3.52	15.0	7.0	4	high
HF Ahmanson	31	–1.88	3.43	6.17	79.9	5.0	11	low
Air Products & Chemicals	45¼	3.68	3.60	4.46	23.9	10.2	23	average
Albertson's	27¾	1.91	2.09	2.43	16.3	11.5	16	very high
Alco Standard	37¾	2.95	2.77	3.53	27.4	10.7	9	high
Alexander & Alexander Svcs	20	0.57	1.11	1.64	47.7	12.2	13	low
Allegheny Intl	30⅞	0.21	0.62	3.67	491.9	8.4	6	low
Allegheny Power System	25¾	3.41	3.53	3.69	4.5	7.0	20	very high
Allied Bancshares	31⅝	2.78	3.29	3.79	15.2	8.3	9	very high
Allied Corp	56⅛	6.22	5.80	7.48	29.0	7.5	18	high
Allied Stores	51⅛	4.41	5.67	6.41	13.1	8.0	18	average
Allis-Chalmers	16⅝	–17.24	–10.38	0.14	NM	NM	8	very low
Aluminum Co of America	44	– 0.15	1.68	4.35	158.9	10.1	23	very low
AMAX	24⅝	– 6.53	–2.58	0.77	NM	31.9	16	very low
Amerada-Hess	30¼	2.00	3.11	4.29	37.9	7.0	18	low
American Brands	55⅝	6.55	7.13	7.94	11.4	7.0	13	very high
American Broadcasting Cos	61⅞	5.54	5.86	7.03	20.0	8.8	22	high
American Can	43⅛	1.12	3.62	4.51	24.6	9.6	9	average
American Cyanamid	53⅞	2.74	3.44	4.52	31.4	11.9	15	average
American Electric Power	18⅞	2.03	2.18	2.36	8.3	8.0	19	very high
American Express	34¼	3.02	3.59	4.12	14.8	8.3	18	very high
American General	22⅜	2.41	2.87	3.30	15.0	6.8	18	average
American Home Products	51⅜	3.59	4.00	4.49	12.3	11.5	28	very high
American Hospital Supply	45½	2.43	2.82	3.33	18.1	13.7	26	very high
American Intl Group	64½	5.61	6.30	7.24	14.9	8.9	25	high
American Medical Intl	27⅞	1.69	2.07	2.52	21.7	11.1	28	very high
American Motors	7⅞	–2.85	–2.77	0.23	NM	35.0	8	very low
American Natl Insurance	20½	2.38	2.67	2.94	10.1	7.0	3	high
American Natural Resources	41⅞	6.77	6.48	6.82	5.2	6.1	15	very high
American S&L Assn of Fla	15	–2.54	2.32	4.26	83.6	3.5	5	very low
American Standard	35⅛	1.30	2.42	3.76	55.4	9.3	11	low
American Stores	40⅛	2.61	3.27	3.90	19.3	10.3	11	average
American Telephone & Tel	62⅞	8.06	8.33	9.35	12.2	6.7	30	high
AmeriTrust	43	6.69	6.00	7.01	16.8	6.1	8	high
Amfac	28	2.27	0.78	2.81	260.3	10.0	10	low
AmSouth Bancorp	33⅜	4.21	4.53	4.95	9.3	6.8	7	very high
Amstar	47⅜	4.31	2.34a	3.78	61.5	12.5	3	average
Anderson, Clayton	27	4.47	1.75a	3.16	80.6	8.5	6	average
Anheuser-Busch	71½	5.68	6.56	7.51	14.5	9.5	21	very high
Apple Computer	21½	1.06	1.50	1.84	22.7	11.7	22	very low
Archer-Daniels-Midland	22⅝	2.03	1.16a	2.27	95.7	10.0	15	low
Arizona Public Svc	24	3.30	3.35	3.43	2.4	7.0	19	very high
Arkla	23⅞	1.90	1.90	2.43	24.0	9.8	17	average
Armco	19	–5.41	–3.56	1.65	NM	11.5	15	very low
Armstrong World Industries	27⅞	0.95	2.26	3.12	38.1	8.9	14	low
ASARCO	29¼	–2.40	2.19	3.96	80.8	7.4	16	very low
Ashland Oil	28⅝	5.27	2.30	4.90	113.0	5.8	8	very low
Associated Dry Goods	65¾	4.31	5.58	6.48	16.1	10.1	17	high
Atlantic Bancorp	23¼	2.40	2.67	3.00	12.4	7.8	3	very high

*For fiscal years ending June through May of the following year. a: Actual 1983 earnings. NM: Not meaningful.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

Peering into the crystal ball: a look at 1984 earnings

Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
Atlantic Richfield	45¾	$6.61	$6.29	$7.07	12.4%	6.5	34	high
Automatic Data Processing	38	1.71	1.86a	2.20	18.3	17.3	16	very high
Avco	34⅜	3.02	3.84	4.62	20.3	7.4	7	average
Avnet	42¾	1.64	1.43a	2.19	53.1	19.5	12	average
Avon Products	24¼	2.75	2.54	3.03	19.3	8.0	17	low
Baker Intl	20¼	3.60	–0.38	1.35	NM	15.3	29	very low
Bally Manufacturing	22⅜	3.20	1.55	2.39	54.2	9.4	12	very low
Baltimore Gas & Elec	31¼	4.07	4.37	4.47	2.3	7.1	19	very high
Bank of New York	29⅛	4.21	4.67	5.05	8.1	5.8	6	very high
Bank of Virginia	30½	4.18	4.72	5.13	8.7	5.9	3	average
BankAmerica	19½	2.60	2.89	3.43	18.7	5.7	29	average
Bankers Trust New York	43⅜	7.95	8.35	9.14	9.5	4.8	26	high
Barnett Banks of Florida	39½	3.94	4.47	5.03	12.5	7.9	17	very high
Baxter Travenol Labs	55¾	2.64	3.18	3.81	19.8	14.6	26	very high
BayBanks	36⅛	5.33	5.17	5.92	14.5	6.1	3	high
Beatrice Foods	30	3.06	3.23	3.61	11.8	8.3	15	high
Becton, Dickinson	40½	3.63	1.87	3.15	68.4	12.9	19	average
Beneficial	33⅜	1.34	3.81	4.36	14.4	7.7	7	average
Best Products	36¼	2.45	2.88	3.61	25.3	10.1	12	low
Bethlehem Steel	24	–33.64	–7.28	3.00	NM	8.0	15	very low
Beverly Enterprises	27⅜	1.33	1.61	2.02	25.5	13.6	8	very high
Big Three Industries	23⅛	2.08	1.48	2.18	47.3	10.6	15	low
Black & Decker Mfg	24⅞	0.41	1.08	1.98	83.3	12.6	12	low
Blue Bell	36⅞	2.92	3.99	4.73	18.5	7.8	12	high
Boeing	38	3.02	3.70	4.03	8.9	9.4	29	average
Boise Cascade	41	0.26	2.24	4.22	88.4	9.7	19	high
Borden	57⅞	4.83	6.76	7.74	14.5	7.5	7	average
Borg-Warner	48¾	3.90	4.17	5.56	33.3	8.8	9	average
Boston Edison	27¼	3.18	3.68	3.82	3.8	7.1	12	high
Bristol-Myers	45⅞	2.59	2.97	3.41	14.8	13.5	27	very high
Brooklyn Union Gas	32⅛	4.60	4.73	5.13	8.5	6.3	8	very high
Brown-Forman Distillers	31¼	3.76	3.62	4.00	10.5	7.8	5	average
Brown Group	32⅝	2.78	3.22	3.76	16.8	8.7	10	high
Browning-Ferris Industries	39¾	2.07	2.40	3.02	25.8	13.2	13	very high
Brunswick	49⅝	–1.28	4.74	5.68	19.8	8.7	8	average
Burlington Industries	38	1.85	3.08	4.80	55.8	7.9	10	low
Burlington Northern	104¼	4.65	8.87	11.07	24.8	9.5	21	low
Burroughs	50⅞	2.17	4.51	5.54	22.8	9.2	20	average
CBI Industries	33	5.06	2.84	3.16	11.3	10.5	12	low
CBS	76¼	4.01	6.78	8.19	20.8	9.3	21	very high
CBT	30	5.36	4.96	5.61	13.1	5.4	4	very high
CIGNA	45⅜	6.38	5.93	6.85	15.5	6.6	27	average
CPC Intl	39½	4.80	4.42	5.23	18.3	7.6	19	high
CSX	75⅛	8.10	6.38	9.12	42.9	8.2	22	low
Cabot	27½	2.77	2.14	2.73	27.6	10.1	10	average
Cameron Iron Works	18¾	5.02	0.11a	0.80	627.3	23.4	8	very low
Campbell Soup	57¾	4.64	5.13a	5.81	13.3	9.9	18	very high
Capital Cities Communications	145½	7.25	8.41	10.08	19.9	14.4	19	high
Capital Holding	35½	3.98	4.44	4.97	11.9	7.1	24	very high
Carnation	49⅞	5.21	5.64	6.19	9.8	8.1	13	very high
Carolina Power & Light	24	3.17	3.24	3.45	6.5	7.0	19	very high
Carter Hawley Hale Stores	22⅝	1.51	1.93	2.51	30.1	9.0	18	average
Castle & Cooke	17⅛	0.17	–1.85a	1.24	NM	13.8	8	low
Caterpillar Tractor	43	–2.04	–3.19	2.77	NM	15.5	21	very low
Celanese	77¾	0.05	5.06	7.94	56.9	9.8	22	low
Centel	38½	3.96	4.24	4.72	11.3	8.2	19	high
Centerre Bancorp	25¼	3.04	3.18	4.02	26.4	6.3	3	average

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Central & South West	19⅞	$2.82	$2.96	$3.13	5.7%	6.4	24	very high
Central Illinois Pub Svc	15⅝	1.81	1.93	2.03	5.2	7.7	8	high
Central Soya	15⅜	1.28	1.68a	1.96	16.7	7.8	4	average
Centran	17½	2.13	2.72	3.38	24.3	5.2	3	very low
Champion International	23¾	0.45	1.61	3.03	88.2	7.8	20	low
Chase Manhattan	47	11.27	10.43	11.58	11.0	4.1	28	average
Chemical New York	41½	8.70	8.57	9.40	9.7	4.4	19	average
Chesebrough-Pond's	40⅛	3.56	3.56	4.09	14.9	9.8	18	very high
Chrysler	29¾	–1.28	6.07	8.80	45.0	3.4	18	very low
Chubb	62⅛	6.03	7.60	8.29	9.1	7.5	24	average
Cincinnati Gas & Elec	13⅝	2.75	2.75	2.85	3.6	4.8	16	high
Cincinnati Milacron	29¼	0.97	– 0.42	1.04	NM	28.0	16	very low
Citicorp	33¼	5.33	6.32	7.10	12.3	4.7	32	high
Citizens & Southern Ga	13½	1.72	1.82	2.06	13.2	6.6	9	average
Citizens Fidelity	30¼	3.30	3.56	4.02	12.9	7.5	6	high
City Investing	35⅜	2.86	3.98	5.32	33.7	6.7	8	average
Cleveland Electric Illuminating	20⅞	3.01	3.11	3.15	1.3	6.6	16	high
Clorox	28¼	1.90	2.72a	3.07	12.8	9.2	15	very high
Coastal Corp	35	2.65	3.76	4.27	13.6	8.2	11	average
Coca-Cola	52⅞	3.95	4.24	4.95	16.7	10.7	25	high
Colgate-Palmolive	24	2.41	2.50	2.71	8.4	8.9	14	high
Colonial Penn Group	21	1.82	2.65	2.95	11.3	7.1	9	average
Colt Inds	48⅝	1.24	3.79	4.99	31.7	9.8	6	average
Columbia Gas System	33⅛	5.10	4.20	4.81	14.5	6.9	11	average
Combined International	37⅝	2.96	3.68	4.19	13.9	9.0	22	average
Combustion Engineering	32½	4.77	3.46	3.94	13.9	8.3	12	low
Commerce Clearing House	57	3.50	3.32	4.44	33.7	12.8	8	high
Commerce Union	19¼	2.61	2.96	3.26	10.1	5.9	5	average
Commonwealth Edison	27⅞	3.75	4.04	4.18	3.5	6.7	21	very high
Communications Satellite	38¼	2.70	2.97	3.28	10.4	11.8	17	average
Computervision	39	1.18	1.30	1.87	43.8	20.9	22	average
ConAgra	31⅛	2.56	2.95	3.56	20.7	8.8	4	average
Consolidated Edison	23⅞	3.55	3.79	3.87	2.1	6.2	20	high
Consolidated Foods	48⅛	5.39	5.75a	6.25	8.7	7.7	18	very high
Consolidated Freightways	55⅞	4.08	4.75	5.66	19.2	9.9	21	high
Consolidated Natural Gas	32¾	3.90	4.02	4.50	11.9	7.3	16	high
Consumers Power	19¼	3.16	3.19	3.22	0.9	6.0	16	high
Continental Corp	30⅛	2.04	1.35	2.21	63.7	13.6	23	very low
Continental Group	47½	4.80	5.15	6.54	27.0	7.3	13	average
Continental Illinois	21½	2.12	3.09	3.97	28.5	5.4	27	low
Continental Telecom	24	2.28	2.46	2.85	15.9	8.4	21	high
Control Data	46½	4.11	4.43	5.59	26.2	8.3	19	high
Convergent Technologies	18¾	0.42	0.44	1.04	136.4	17.6	15	low
Cooper Industries	33	2.75	1.39	2.57	84.9	12.9	20	low
Corning Glass Works	75½	3.52	4.37	6.02	37.8	12.5	10	low
Cox Communications	46⅜	2.31	2.61	3.16	21.1	14.7	19	very high
Crane	29½	– 0.33	–1.20	3.37	NM	8.8	3	very low
Cray Research	47⅝	1.38	1.75	2.30	31.4	20.7	12	very high
Crocker National	30⅛	3.56	3.24	4.06	25.3	7.5	14	average
Crown Cork & Seal	34⅛	3.15	3.92	4.65	18.6	7.4	6	average
Crown Zellerbach	31⅞	– 4.86	2.26	3.58	58.4	8.9	17	low
Cummins Engine	64½	0.21	– 0.13	9.76	NM	6.6	7	low
Dana	43¼	1.43	2.63	4.47	70.0	9.7	13	low
Dart & Kraft	69⅛	6.40	8.22	9.35	13.7	7.4	21	high
Dayton-Hudson	35⅛	2.06	2.50	2.99	19.6	11.7	22	very high
Dayton Power & Light	14⅜	2.65	2.70	2.81	4.1	5.1	11	high
Deere & Co	38⅛	0.78	–0.33	2.66	NM	14.3	23	very low

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Delmarva Power & Light	18	$2.13	$2.21	$2.36	6.8%	7.6	15	very high
Delta Air Lines	36	0.52	–2.18a	3.16	NM	11.4	23	very low
Deluxe Check Printers	40¼	2.83	3.25	3.71	14.2	10.9	13	very high
Deposit Guaranty	37¾	5.14	5.53	6.20	12.1	6.1	3	high
Detroit Edison	15¼	1.75	2.04	2.09	2.5	7.3	14	high
Diamond Shamrock	24½	2.37	1.66	2.45	47.6	10.0	14	low
Diebold	88¼	4.80	5.35	6.33	18.3	14.0	12	average
Digital Equipment	72½	7.53	5.00a	7.25	45.0	10.0	35	high
Walt Disney Productions	62	3.01	3.29	4.44	45.0	14.0	22	average
Dominion Bankshares	19¼	2.28	2.53	2.87	13.4	6.7	3	average
Donaldson, Lufkin & Jenrette	17⅛	1.41	1.57	1.68	7.0	10.2	4	low
RR Donnelley & Sons	43½	2.40	3.02	3.49	15.6	12.5	9	very high
Dorchester Gas	14½	1.01	1.01a	1.13	11.9	12.8	6	low
Dover	29½	2.52	2.12	2.76	30.2	10.7	7	average
Dow Chemical	36½	1.77	2.15	3.52	63.7	10.4	28	low
Dow Jones	48¼	1.41	1.72	2.12	23.3	22.8	13	high
Dravo	13⅜	–0.90	–0.61	0.93	NM	14.5	4	low
Dresser Industries	20⅛	2.19	0.05	1.53	2,960.0	13.3	25	very low
EI du Pont de Nemours	51¾	3.75	4.57	5.88	28.7	8.8	29	average
Duke Power	24⅞	3.07	3.50	3.65	4.3	6.8	22	very high
Dun & Bradstreet	58¾	2.53	2.99	3.59	20.1	16.4	12	very high
Duquesne Light	16½	1.75	2.16	2.24	3.7	7.4	12	very high
EG&G	34⅛	1.38	1.61	1.98	23.0	17.2	10	very high
E-Systems	35	1.21	1.61	1.93	19.9	18.1	19	very high
Eastern Air Lines	6	–3.82	–3.31	– 0.13	NM	NM	11	very low
Eastern Gas & Fuel Assocs	24⅝	2.91	2.37	2.50	59.2	9.8	14	very low
Eastman Kodak	69½	7.12	4.76	6.86	44.1	10.1	20	average
Eaton	45⅛	0.31	2.52	4.80	90.5	9.5	16	low
Jack Eckerd	26	1.90	1.91a	2.45	28.3	10.6	14	high
El Paso Co	23⅛	1.08	1.69	2.19	29.6	10.5	18	low
El Paso Electric	15⅛	2.30	2.40	2.48	3.3	6.1	5	high
Electronic Data Systems	39½	0.86	1.05a	1.30	23.8	30.4	14	very high
Emerson Electric	60⅞	4.37	4.49	5.29	17.8	11.5	15	very high
Emhart	56¼	6.53	6.51	7.34	12.7	7.7	4	average
Engelhard	36⅝	2.41	2.73	3.64	33.3	10.1	10	low
ENSERCH	22⅝	2.70	1.99	2.66	33.7	8.5	20	average
Entex	21⅛	2.25	2.65a	3.12	17.7	6.8	7	very high
Esmark	86½	6.79	7.00	8.72	24.6	9.9	9	average
Ethyl	26⅝	2.34	2.70	3.16	17.0	8.4	14	average
Evans Products	13¼	– 4.11	–1.09	0.88	NM	15.1	4	very low
Ex-Cell-O	39⅞	3.25	3.35	3.90	16.4	10.2	8	average
Exxon	39	4.82	5.19	5.74	10.6	6.8	31	high
FMC	45¾	4.23	4.39	5.52	25.7	8.3	11	high
Federal Express	83½	4.07	5.25	6.22	18.5	13.4	11	very high
Federal Nat! Mortgage Assn	25	–2.20	1.63	3.96	142.9	6.3	16	very low
Federated Dept Stores	58	4.79	6.10	7.03	15.2	8.3	21	high
Fidelcor	33¾	5.51	7.18	7.15	–0.4	4.7	3	very high
Financial Corp of America	41	2.40	7.23	8.59	18.8	4.8	4	low
Financial Corp of Santa Barbara	8⅛	–2.23	–1.45	0.40	NM	20.9	3	very low
Firestone Tire & Rubber	20⅞	0.04	2.06	2.89	40.3	7.2	10	average
First & Merchants	30⅛	4.41	4.74	5.15	8.6	5.9	3	average
First American	19⅜	2.76	2.97	3.30	11.1	5.9	4	very high
First Atlanta	22	2.72	2.91	3.29	13.1	6.7	7	very high
First Bank System	55¾	7.37	7.90	8.67	9.7	6.4	20	high
First Chicago	25¼	3.52	3.85	4.34	12.7	5.8	25	high
First City Bancorp Texas	19⅜	3.90	3.27	3.84	17.4	5.1	16	average
First Interstate Bancorp	45⅝	5.52	5.90	6.75	14.4	6.8	26	high

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First Kentucky Natl	28¼	$2.96	$3.24	$3.57	10.2%	7.9	5	high
First Tennessee Natl	22⅜	3.31	3.34	3.85	15.3	5.9	5	high
First Union	41	5.01	5.60	6.05	8.0	6.8	9	average
First Wisconsin	22¼	3.53	3.76	4.18	11.2	5.3	3	high
Fischbach	42¼	7.59	7.84	7.83	–0.1	5.4	6	average
Fleet Financial Group	47¼	6.36	6.57	7.41	12.8	6.4	6	average
Fleming Cos	29	1.98	2.34	2.66	13.7	10.9	7	high
Flickinger	26	2.10	2.42a	2.77	14.5	9.4	3	very high
Florida Power & Light	40	4.77	5.20	5.45	4.8	7.3	22	very high
Fluor	18	1.94	1.19	1.66	39.5	10.9	13	very low
Ford Motor	66	–6.22	12.38	16.10	30.0	4.1	18	low
Fort Howard Paper	59¼	3.43	3.83	4.42	15.4	13.4	19	high
Foster Wheeler	16⅜	1.67	1.41	1.51	7.1	10.9	10	average
Freeport-McMoRan	20⅜	0.95	1.34	2.23	66.4	9.1	16	very low
Fruehauf	46⅞	–2.47	0.43	6.24	1,351.2	7.5	5	average
GATX	33¾	2.41	1.43	2.61	82.5	13.0	9	low
GEICO	58½	3.83	4.54	5.27	16.1	11.1	16	average
GTE	45⅛	4.70	5.06	5.62	11.1	8.0	22	high
Gannett	60½	3.39	3.65	4.45	22.3	13.6	16	very high
Gelco	18⅜	2.51	–0.87a	1.52	NM	12.1	9	very low
General Cinema	43¾	2.38	3.03	3.52	16.2	12.4	15	very high
General Dynamics	54	2.41	5.01	6.10	21.8	8.9	20	average
General Electric	53⅜	4.00	4.49	5.15	14.7	10.4	21	high
General Foods	50⅜	5.73	6.21	6.83	10.0	7.4	17	very high
General Instrument	33¼	3.34	2.18	3.41	56.4	9.7	12	low
General Mills	50¾	4.89	5.49	6.19	12.8	8.2	12	very high
General Motors	76¾	3.09	11.03	15.27	38.4	5.0	18	average
General Public Utilities	7⅝	0.55	0.75	1.40	86.7	5.5	11	low
General Re	65	4.66	5.01	5.65	12.8	11.5	19	high
General Signal	45⅞	3.85	3.33	4.21	26.4	10.9	13	high
General Tire & Rubber	36⅛	1.13	2.76	4.71	70.7	7.7	9	low
Genuine Parts	44¼	2.77	3.03	3.67	21.1	12.1	17	high
Georgia-Pacific	25⅝	0.48	1.73	2.92	68.8	8.8	22	low
Getty Oil	69⅜	8.61	6.85	8.67	26.6	8.0	27	high
Giant Food	18⅜	2.53	2.80	3.17	13.2	5.8	3	average
Gibraltar Financial Corp of Calif	12	–1.91	1.98	2.89	46.0	4.2	10	low
Gillette	49⅞	4.45	4.84	5.61	15.9	8.9	14	high
Global Marine	10⅛	2.71	1.38	–1.02	NM	NM	13	very low
Golden West Financial	23⅞	–0.97	3.40	4.22	24.1	5.7	14	low
BF Goodrich	29¾	–2.43	2.19	4.92	124.7	6.1	13	very low
Goodyear Tire & Rubber	31⅛	3.35	3.26	4.56	39.9	6.8	10	low
Gould	30½	2.15	1.91	2.64	38.2	11.6	13	average
WR Grace	47⅝	5.27	4.10	5.18	26.3	9.2	14	low
WW Grainger	59¾	3.50	3.46	4.44	28.3	13.5	15	average
Great Northern Nekoosa	53¾	5.06	5.07	6.08	19.9	8.9	16	low
Great Western Financial	24¼	–2.68	2.35	4.27	81.7	5.7	14	low
Greyhound	23¼	2.29	2.51	3.16	25.9	7.4	12	average
Grumman	28¾	2.09	3.67	4.36	18.8	6.6	14	high
Gulf & Western Industries	26⅞	2.24	3.25a	3.29	1.2	8.2	9	average
Gulf Oil	45⅜	4.98	4.99	5.58	11.8	8.1	30	average
Gulf States Utilities	14⅞	1.95	2.27	2.34	3.1	6.4	15	high
Gulf United	28¾	3.11	3.26	3.53	8.3	8.1	5	high
Halliburton	41⅞	4.21	2.97	4.08	37.4	10.3	27	low
Hammermill Paper	41⅞	3.07	2.77	4.91	77.3	8.5	7	low
Harris Bankcorp	71¼	6.07	5.82	6.40	10.0	11.2	5	average
Harris Corp	36¾	2.42	1.78a	2.43	36.5	15.1	23	low
Hartford National	34¼	4.46	5.76	6.43	11.6	5.4	3	average

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Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
G Heileman Brewing	40	$1.73	$2.21	$2.60	17.6%	15.4	14	high
HJ Heinz	33½	2.94	3.30	3.74	13.3	9.0	11	very high
Walter E Heller Intl	30⅜	1.34	1.78	2.77	55.6	11.0	3	very low
Helmerich & Payne	22⅝	2.98	1.91	1.94	1.6	11.7	17	very low
Hercules	38½	2.06	3.01	3.88	28.9	9.9	24	average
Hershey Foods	33	3.00	3.24	3.63	12.0	9.1	12	very high
Hewlett-Packard	39	1.52	1.63	2.16	32.5	18.1	28	average
Hilton Hotels	54⅛	3.12	3.45	4.40	27.5	12.3	21	high
Holiday Inns	51⅞	2.62	3.26	3.95	21.2	13.1	19	high
Homestake Mining	27⅛	0.51	1.19	1.87	57.1	14.5	11	low
Honeywell	126¾	8.73	9.63	12.43	29.1	10.2	21	average
George A Hormel	29	2.92	2.58	3.68	42.6	7.9	3	very low
Hospital Corp of America	43¼	2.25	2.80	3.45	23.2	12.5	28	very high
Household International	32	2.01	3.27	3.83	17.1	8.4	12	high
Houston Industries	22⅜	1.62	3.80	3.97	4.5	5.7	18	very high
Houston Natural Gas	45⅝	6.46	4.66a	5.71	22.5	8.0	17	average
Hughes Tool	21	2.65	0.06	1.41	2,250.0	14.9	27	very low
Humana	30¼	1.61	1.96a	2.45	25.0	12.3	26	high
EF Hutton Group	34¾	3.46	5.54	5.94	7.2	5.9	5	low
IC Industries	44⅛	2.82	4.00	5.45	36.3	8.1	6	average
IU International	27⅛	1.44	1.90	2.82	48.4	9.6	10	low
Idaho Power	32⅝	4.71	4.17	4.23	1.4	7.7	13	average
Illinois Power	22⅜	3.04	3.19	3.30	3.4	6.8	17	high
Imperial Corp of America	11	–4.30	–0.10	1.81	NM	6.1	11	very low
Indianapolis Power & Light	28½	3.41	3.68	3.83	4.1	7.5	17	high
Ingersoll-Rand	52¼	2.35	–0.03	3.59	NM	14.5	21	very low
Inland Steel	31⅛	–6.27	–1.73	4.38	NM	7.1	16	very low
Intel	37¾	0.32	0.95	1.53	61.1	24.7	24	low
Interco	69⅝	5.22	7.14	8.69	21.7	8.0	7	average
InterFirst	18	4.09	1.85	3.14	69.7	5.7	22	low
Intl Business Machines	130½	7.39	8.93	10.38	16.2	12.6	35	very high
Intl Flavors & Fragrances	32	1.73	1.97	2.34	18.8	13.7	12	average
Intl Harvester	12¼	–51.41	–15.45	–1.84	NM	NM	4	very low
Intl Minerals & Chemical	46¼	5.13	3.02a	3.96	31.1	11.7	17	average
Intl Multifoods	31	4.20	4.61	5.00	8.5	6.2	3	average
Intl Paper	52	2.72	3.40	5.21	53.2	10.0	21	low
Intl Telephone & Tel	41¾	4.75	4.63	5.46	17.9	7.6	17	high
InterNorth	39	3.01	4.77	5.44	14.0	7.2	18	high
Iowa-Illinois Gas & Elec	26⅛	3.95	3.88	4.05	4.4	6.5	4	very high
Irving Bank	50½	9.31	9.99	10.45	4.6	4.8	13	high
Jefferson-Pilot	36⅜	4.02	4.29	4.76	11.0	7.6	20	average
Jewel Cos	51	6.82	6.09	6.82	12.0	7.5	5	high
Johnson & Johnson	45½	2.85	2.82	3.50	24.1	13.0	25	very high
Johnson Controls	44¼	3.83	4.05	4.60	13.6	9.6	6	high
Joy Manufacturing	26⅛	4.27	0.58	1.63	181.0	16.0	20	very low
K mart	36½	2.06	3.28	4.07	24.1	9.0	23	low
Kaiser Alum & Chem	19½	–2.68	–2.00	2.32	NM	8.4	17	very low
Kaneb Services	17	2.62	1.94	1.99	2.6	8.6	9	low
Kansas City Power & Light	32⅝	4.18	4.70	4.78	1.7	6.8	6	high
Kansas Gas & Elec	20⅝	3.00	3.02	3.07	1.7	6.7	9	high
Kansas Power & Light	28⅜	3.60	3.65	3.78	3.6	7.5	12	very high
Kellogg	29¾	2.98	3.13	3.41	8.9	8.7	22	very high
Kemper	40¾	5.30	5.55	6.28	13.2	6.5	12	average
Kentucky Utilities	22⅝	2.78	2.77	2.85	2.9	7.9	9	high
Kerr-McGee	32	3.98	3.31	4.08	23.3	7.8	19	low
Key Pharmaceuticals	28⅜	0.51	0.78	1.15	47.4	24.8	9	average
Kidde	26¼	3.60	3.42	4.18	22.2	6.3	3	very high

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Kimberly-Clark	94	$8.21	$8.54	$10.12	18.5%	9.3	16	high
Knight-Ridder Newspapers	57	3.14	3.65	4.41	20.8	12.9	19	high
Koppers	17¼	0.20	0.80	1.81	126.3	9.5	11	low
Kroger	36½	4.84	3.64	4.87	33.8	7.5	13	average
LTV	15¾	–3.20	–3.11	2.60	NM	6.1	8	very low
Lear Siegler	42¼	4.16	3.70a	4.60	24.3	9.2	12	high
Levi Strauss	42¾	3.05	4.84	5.65	16.7	7.6	15	high
Eli Lilly	63¾	5.42	6.05	6.79	12.2	9.4	25	very high
Limited	25½	0.57	1.02	1.35	32.4	19.0	7	low
Lincoln National	55¾	5.64	6.61	7.45	12.7	7.5	21	high
Litton Industries	62¼	7.39	5.52a	6.34	14.9	9.8	18	very high
Lockheed	41⅞	3.65	4.19	4.92	17.4	8.5	24	high
Long Island Lighting	14¾	2.70	2.69	2.75	2.2	5.4	15	very high
Longs Drug Stores	44¼	2.92	3.48	3.98	14.4	11.1	11	high
La Land & Exploration	27¼	2.01	2.62	3.13	19.5	8.7	14	low
Louisiana-Pacific	26	–0.52	1.37	2.87	109.5	9.1	17	low
Lowe's Cos	22	0.76	1.38	1.81	31.2	12.1	16	average
Lubrizol	26¾	1.21	1.72	2.17	26.2	12.3	14	average
Lucky Stores	21⅝	1.77	2.32	2.69	15.9	8.1	12	average
M/A-Com	22⅛	0.80	0.86	1.33	54.7	16.6	26	average
MCA	35¼	3.69	3.17	3.35	5.7	10.5	14	average
MCI Communications	14⅛	0.85	1.09	1.32	21.1	10.7	20	low
RH Macy	54⅞	2.74	3.72a	4.42	18.8	12.4	19	average
Malone & Hyde	32½	1.76	2.12a	2.44	15.1	13.3	11	very high
Manufacturers Hanover	38¾	7.82	8.27	8.94	8.1	4.3	24	high
MAPCO	24¼	2.67	2.05	3.08	50.2	7.9	11	average
Marine Midland Banks	22¾	4.61	4.63	5.24	13.2	4.4	5	average
Marriott	70	3.46	4.18	5.14	23.0	13.6	15	high
Marsh & McLennan Cos	44¾	3.36	3.53	4.00	13.3	11.2	14	very high
Martin Marietta	40¾	1.95	3.21	4.42	37.7	9.2	17	low
Mary Kay Cosmetics	21	1.18	1.46	1.73	18.5	12.1	12	average
Maryland National	30¾	5.29	4.84	5.66	16.9	5.4	6	average
Masco	31¾	1.78	1.97	2.72	38.1	11.7	11	average
Mattel	7¼	1.78	–4.60	1.02	NM	7.1	7	very low
May Dept Stores	51½	4.83	5.91	6.75	14.2	7.6	19	very high
McDonald's	66⅛	5.00	5.73	6.61	15.4	10.0	17	very high
McDonnell Douglas	52⅜	5.44	6.25	7.52	20.3	7.0	20	average
McGraw-Edison	37	3.11	2.50	4.04	61.6	9.2	11	average
McGraw-Hill	45½	2.20	2.54	3.02	18.9	15.1	12	very high
Mead	33⅜	–2.38	0.95	3.17	233.7	10.5	13	low
Medtronic	48½	3.34	3.80	4.41	16.1	11.0	9	very high
Mellon National	43⅞	7.25	7.60	8.39	10.4	5.2	16	high
Melville	37¼	2.73	3.29	3.92	19.1	9.5	12	very high
Mercantile Stores	54	4.74	5.68	6.58	15.8	8.2	6	high
Mercantile Texas	28⅞	4.21	4.35	4.86	11.7	5.9	12	high
Merck	100⅞	5.61	6.23	7.14	14.6	14.1	28	very high
Merrill Lynch	31	3.80	4.85	5.24	8.0	5.9	7	low
Mesa Petroleum	15¾	1.72	1.74	1.71	–1.7	9.0	17	low
Metromedia	28¼	1.52	1.57	2.16	37.6	13.1	10	average
MidCon	38¾	4.50	4.16	4.68	12.5	8.3	10	average
Middle South Utilities	15¾	2.33	2.37	2.48	4.6	6.4	16	high
Minnesota Mining & Mfg	85⅛	5.37	5.99	7.37	23.0	11.6	19	high
Minnesota Power	26¼	3.51	3.54	3.58	1.1	7.3	9	very high
Mission Insurance Group	28⅛	4.01	2.81	3.39	20.6	8.3	18	low
Mitchell Energy & Develop	24⅝	1.68	1.97	2.58	31.0	9.6	17	average
Mobil	31⅛	3.31	3.88	4.64	19.6	6.7	29	average
Monsanto	111	8.21	10.17	12.82	26.1	8.7	29	average

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Montana Power	28	$ 3.97	$ 3.95	$ 4.25	7.6%	6.6	13	very high
JP Morgan	66¼	10.67	11.04	12.10	9.6	5.5	28	high
Morrison-Knudsen	30⅜	3.86	3.80	4.11	8.2	7.4	5	average
Morton Thiokol	78	4.21	5.15a	6.24	21.2	12.5	9	high
Motorola	143⅛	4.64	5.73	8.38	46.2	17.1	28	average
Mountain Fuel Supply	28	2.79	2.96	3.22	8.8	8.7	9	average
Murphy Oil	30¾	4.31	3.63	3.94	8.5	7.8	10	low
NCNB	24⅞	3.22	3.64	4.05	11.3	6.2	18	high
NCR	126	8.75	10.44	12.68	21.5	9.9	20	high
NBD Bancorp	39½	6.22	6.72	7.23	7.6	5.5	7	very high
NL Industries	17⅝	3.19	–0.47	1.22	NM	14.5	20	very low
Nabisco Brands	40⅛	4.41	4.84	5.37	11.0	7.5	21	very high
Nalco Chemical	34¼	1.46	1.94	2.41	24.2	14.2	16	average
National Can	25¼	3.29	2.50	3.90	56.0	6.5	7	average
National City	44½	6.02	6.49	6.90	6.3	6.5	7	high
Natl Distillers & Chemical	27¾	2.15	2.23	3.33	49.3	8.3	6	average
National Intergroup	28⅛	–6.25	–3.19	4.87	NM	5.8	11	very low
Natl Medical Enterprises	22⅞	1.47	1.81	2.23	23.2	10.3	6	average
Natl Semiconductor	54	–0.72	1.94	3.14	61.9	17.2	16	very low
National Service Inds	40	3.07	3.37a	3.76	11.6	10.6	4	very high
New England Electric System	39⅝	4.65	5.23	5.31	1.5	7.5	16	high
New York State Elec & Gas	21½	3.36	3.34	3.49	4.5	6.2	15	very high
New York Times	85½	4.31	5.78	6.63	14.7	12.9	14	high
Newmont Mining	49⅜	1.76	2.59	5.04	94.6	9.8	18	very low
Niagara Mohawk Power	17⅝	2.64	2.66	2.76	3.8	6.4	14	very high
NICOR	29½	3.30	2.69	3.45	28.3	8.5	10	low
NIKE	18	1.53	1.86	2.13	14.5	8.5	5	average
Noble Affiliates	16¼	1.49	0.78	1.33	70.5	12.6	19	low
Norfolk Southern	66⅛	6.57	5.59	7.32	30.9	9.1	21	average
North American Philips	71⅛	5.24	6.30	7.14	13.3	10.0	3	high
Northeast Utilities	13¼	1.76	2.13	2.19	2.8	6.1	15	high
Northern Indiana Pub Svc	15	0.90	1.58	1.83	15.8	8.2	17	average
Northern States Power	37	4.79	5.09	5.19	2.0	7.1	20	very high
Northrop	82¼	0.36	6.03	9.65	60.0	8.6	19	low
Northwest Airlines	42	0.23	2.34	4.22	80.3	10.0	21	low
Northwest Bancorp	36⅞	4.02	4.71	5.29	12.3	7.0	22	high
Northwest Energy	38¼	1.87	3.31	3.86	16.6	9.9	12	high
Northwest Industries	39¼	8.75	1.41	4.98	253.2	8.0	7	low
Northwestern Financial	29¾	3.67	3.83	4.15	8.4	7.2	3	high
Norton	42⅜	1.13	2.50	3.73	49.2	11.4	8	average
Occidental Petroleum	25⅛	0.69	0.62	1.52	145.2	16.5	9	very low
Ogden	29⅜	3.01	3.24	4.03	24.4	7.3	5	average
Ohio Casualty	47	4.91	5.50	6.26	13.8	7.5	18	average
Ohio Edison	14⅞	1.89	2.16	2.26	4.6	6.6	17	high
Oklahoma Gas & Elec	19½	2.57	2.56	2.71	5.9	7.2	20	high
Olin	30⅝	2.66	3.29	4.24	28.9	7.2	11	average
ONEOK	29¾	4.88	2.75a	3.99	45.1	7.5	8	average
Overseas Shipholding Group	21¾	2.35	1.82	2.67	46.7	8.2	3	very low
Owens-Illinois	32	1.35	3.23	4.29	32.8	7.5	11	average
PHH Group	32¾	2.19	2.48	2.98	20.2	11.0	6	very high
PNC Financial	42⅛	5.63	5.91	6.62	12.0	6.4	6	very high
PPG Industries	35¼	2.31	3.14	4.00	27.4	8.8	12	average
PACCAR	100	4.11	4.57	10.89	138.3	9.2	9	low
Pacific Gas & Elec	15⅞	2.46	2.32	2.56	10.3	6.2	19	very hi
Pacific Lighting	35	4.57	5.04	5.53	9.7	6.3	6	hi
Pacific Power & Light	23⅜	3.03	2.82	3.39	20.2	7.0	18	hig
Paine Webber	32⅞	1.90	5.85	5.87	0.3	5.6	3	low

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Pall	33⅜	$ 1.40	$1.55a	$1.85	19.4%	18.2	11	very high
Pan American World Airways	7⅝	–6.30	–0.35	0.65	NM	11.7	15	very low
Panhandle Eastern	36½	6.17	3.96	4.86	22.7	7.5	18	average
Parker Drilling	9⅞	2.65	–0.88a	0.12	NM	82.3	21	very low
Parker-Hannifin	29½	2.12	1.17a	2.36	101.7	12.5	14	low
Parsons	23½	1.73	1.84	2.01	9.2	11.7	7	very high
Payless Cashways	22½	0.96	1.29	1.60	24.0	14.1	15	high
Penn Central	38¾	2.73	2.61	2.97	13.8	13.0	7	high
JC Penney	61½	5.73	6.60	7.72	17.0	8.0	21	average
Pennsylvania Power & Light	23¼	3.35	3.32	3.43	3.3	6.8	15	very high
Pennzoil	34⅞	3.60	2.88	4.10	42.4	8.5	18	average
Peoples Energy	9⅝	1.54	1.25	1.36	8.8	7.1	7	average
PepsiCo	34⅝	3.23	3.27	3.89	19.0	8.9	25	average
Perkin-Elmer	34	1.45	1.15a	1.76	53.0	19.3	27	average
Petrolane	15	2.00	–0.28	0.84	NM	17.8	13	very low
Pfizer	41⅛	2.13	2.73	3.25	19.0	12.6	26	high
Phelps Dodge	23¼	–3.59	–0.29	2.61	NM	8.9	19	very low
Phibro-Salomon	27¼	2.48	3.47	4.47	28.8	6.1	11	low
Philadelphia Electric	17⅛	2.39	2.42	2.50	3.3	6.9	12	very high
Philip Morris	69⅜	6.23	7.22	8.40	16.3	8.3	23	very high
Phillips Petroleum	33¼	4.23	4.18	4.75	13.6	7.0	33	average
Pic'n'Save	43½	1.75	2.23	2.70	21.1	16.1	7	high
Pillsbury	73¾	6.39	7.33	8.14	11.1	9.1	12	high
Pioneer	26¼	1.66	2.58	3.19	23.6	8.2	18	average
Pioneer Hi-Bred International	27¾	2.24	1.26	2.51	99.2	11.1	12	average
Pitney Bowes	30⅞	2.16	2.71	3.22	18.8	9.6	13	high
Pittston	16½	–0.31	–0.01	0.79	NM	20.9	14	very low
Pneumo	25¼	1.69	2.38	2.69	13.0	9.4	8	high
Pogo Producing	24⅝	2.05	0.96	1.65	71.9	14.9	9	low
Polaroid	34½	0.73	1.58	2.72	72.2	12.7	16	low
Portland General Electric	14¼	3.02	2.59	2.67	3.1	5.3	8	average
Potlatch	35	0.87	2.35	3.82	62.6	9.2	15	low
Potomac Electric Power	20½	2.28	2.48	2.60	4.8	7.9	20	very high
Premier Industrial	35⅞	1.49	1.88	2.24	19.1	16.0	5	average
Primark	36⅛	3.10	3.45	4.60	33.3	7.9	7	average
Prime Computer	15⅝	0.99	0.72	1.14	58.3	13.8	28	average
Procter & Gamble	57¾	4.70	5.22a	5.72	9.6	10.1	19	very high
Provident Life & Accident	64½	7.16	8.11	9.08	12.0	7.1	8	average
Public Svc Co of Colorado	17⅜	2.17	2.01	2.22	10.4	7.8	20	high
Public Svc Co of Indiana	26	4.55	4.36	4.58	5.0	5.7	19	high
Public Svc Co of New Hampshire	17¼	2.73	2.99	3.04	1.7	5.7	4	average
Public Svc Co of New Mex	28⅞	3.22	3.37	3.54	5.0	8.2	12	high
Public Svc Elec & Gas	24½	3.24	3.25	3.50	7.7	7.0	20	very high
Puget Sound Power & Light	14½	2.29	1.91	2.04	6.8	7.1	7	average
Quaker Oats	57¼	4.76	5.48a	6.58	20.4	8.7	23	very high
RCA	33	2.03	2.13	2.87	34.7	11.5	13	average
Rainier Bancorp	35¼	4.12	4.70	5.29	12.6	6.7	12	high
Ralston Purina	25	1.58	2.47	2.81	13.8	8.9	23	average
Raychem	75½	4.07	3.23a	4.09	26.6	18.5	7	high
Raytheon	43½	3.78	3.71	4.52	21.8	9.6	27	high
Reading & Bates	13⅜	2.35	1.55	1.33	–14.2	10.0	17	very low
Republic Airlines	4	–1.99	–3.89	–0.22	NM	NM	13	very low
Republic Steel	26¾	–15.07	–7.05	3.81	NM	7.0	13	very low
RepublicBank	33⅞	5.65	5.63	6.27	11.4	5.4	21	high
Revco Drug Stores	35½	2.13	2.48	2.79	12.5	12.7	6	high
Revlon	31½	2.41	2.73	3.35	22.7	9.4	17	high
RJ Reynolds Industries	61¾	6.96	7.34	8.25	12.4	7.5	23	high

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Peering into the crystal ball: a look at 1984 earnings

Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
Reynolds Metals	37⅞	$–0.98	$–2.96	$3.24	NM	11.7	19	very low
Richardson-Vicks	28⅜	2.74	2.10a	2.72	29.5%	10.4	9	low
Rite Aid	39⅞	2.37	2.84	3.31	16.5	12.1	11	very high
Roadway Services	68¼	3.83	4.85	5.64	16.3	12.1	20	high
AH Robins	26	1.98	2.43	2.79	14.8	9.3	17	high
Rochester Gas & Elec	17¼	2.81	3.05	3.17	3.9	5.4	5	very high
Rockwell Intl	30¾	2.11	2.41	3.02	25.3	10.2	18	high
Rohm & Haas	74¼	3.31	5.06	6.19	22.3	12.0	18	average
Rollins Inc	17	1.70	0.80a	1.00	25.0	17.0	7	very low
ROLM	55¼	1.70	1.80a	2.25	25.0	24.6	23	average
Rowan Cos	11⅛	2.36	0.65	0.50	–23.1	23.5	18	very low
Safeco	57¾	5.73	6.32	7.01	10.9	8.2	26	average
Safeway Stores	27⅜	3.05	3.26	3.84	17.8	7.1	11	high
St Paul Cos	57½	9.23	7.93	8.69	9.6	6.6	23	average
St Regis Paper	29⅞	1.29	1.92	3.57	85.9	8.4	18	low
San Diego Gas & Elec	19⅝	2.90	2.85	3.03	6.3	6.5	14	very high
Santa Fe Industries	30	2.08	2.79	3.40	21.9	8.8	18	average
Schering-Plough	41⅜	3.39	3.57	4.00	12.0	10.3	27	high
SCM	31⅞	3.01	3.15a	4.55	44.4	7.0	8	average
SCOA Industries	31⅝	1.92	2.30	3.11	35.2	10.2	5	average
Scott Paper	28¾	1.61	2.40	3.22	34.2	8.9	13	average
GD Searle	51⅝	2.77	2.77	3.61	30.3	14.3	25	average
Sears, Roebuck	38¼	2.46	3.50	4.22	20.6	9.1	22	average
Security Pacific	48⅞	6.53	7.06	7.85	11.2	6.2	26	very high
SEDCO	36¼	3.86	6.04a	5.23	–13.4	7.0	23	average
Sensormatic Electronics	31½	0.93	1.21	1.64	35.5	19.2	6	average
Service Merchandise	23½	1.20	1.53	1.92	25.5	12.2	12	low
Servicemaster Industries	35	0.98	1.19	1.45	21.8	24.1	12	very high
Shared Medical Systems	36⅞	0.88	1.10	1.37	24.5	26.9	19	very high
Shawmut	37	5.84	5.03	6.08	20.9	6.1	3	low
Shell Oil	45⅛	5.19	4.94	5.66	14.6	8.0	33	average
Sherwin-Williams	24¾	1.78	2.13	2.63	23.5	9.4	8	average
Signal Cos	32⅞	1.56	0.96	3.08	220.8	10.7	10	average
Singer	25¾	–1.62	1.44	3.05	111.8	8.3	14	low
Smith Intl	26½	3.61	–0.28	1.57	NM	16.9	28	very low
SmithKline Beckman	66¾	5.51	6.15	6.95	13.0	9.6	27	very high
Society	28½	4.59	4.84	5.27	8.9	5.4	3	high
SONAT	38½	5.05	5.18	5.18	0.0	7.4	21	average
South Carolina Elec & Gas	19⅞	2.32	2.43	2.50	2.9	8.0	13	high
Southeast Banking	24¼	2.81	3.25	3.69	13.5	6.6	13	average
Southern California Edison	39	5.13	5.97	6.01	0.7	6.5	24	very high
Southern Co	16¾	2.26	2.35	2.49	6.0	6.7	20	very high
Southern New England Tel	35¼	3.06	4.01	4.01	0.0	8.8	10	average
Southern Pacific	37¾	2.15	3.09	3.82	23.6	9.9	13	low
Southland Corp	41⅜	2.94	3.32	4.86	46.4	8.6	14	low
Southland Royalty	18	0.64	0.79	0.99	25.3	18.2	13	low
Southwest Airlines	32¾	1.60	1.94	2.69	38.7	12.2	18	average
Southwest Bancshares	27⅞	4.31	3.07	4.04	31.6	6.9	7	average
Southwestern Public Svc	19¼	2.02	2.36a	2.44	3.4	7.9	13	very high
Sperry	44⅞	2.36	3.94	5.60	42.1	8.0	12	average
Square D	35⅛	2.61	2.25	3.26	44.9	10.8	11	high
Squibb	50⅜	3.01	3.31	3.80	14.8	13.3	27	very high
AE Staley Manufac	23½	2.75	0.54	2.85	427.8	8.3	15	low
Standard Oil of California	37⅛	4.03	4.57	5.33	16.6	7.0	31	average
Standard Oil (Indiana)	50	6.25	6.23	6.99	12.2	7.2	32	high
Standard Oil Ohio	53½	7.63	6.82	7.64	12.0	7.0	30	high
Stanley Works	23¼	1.34	1.80	2.51	39.4	9.3	11	high

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Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

Peering into the crystal ball: a look at 1984 earnings

Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
State Street Boston	31¾	$4.38	$4.39	$4.97	13.2%	6.4	4	average
Stauffer Chemical	28½	2.81	1.05	3.02	187.6	9.5	22	low
Sterling Drugs	27¾	2.17	2.27	2.54	11.9	10.9	26	very high
JP Stevens	17½	1.54	1.12	2.46	119.6	7.1	7	low
Stop & Shop Cos	61¼	3.44	4.38	5.23	19.4	11.7	3	high
Storage Technology	17½	1.84	0.48	1.27	164.6	13.7	17	very low
Sun Banks of Florida	28⅛	3.03	3.30	3.73	13.0	7.6	14	high
Sun Co	44⅛	4.40	4.32	4.84	12.0	9.1	26	average
Sundstrand	43½	3.77	2.50	4.15	66.0	10.5	12	average
Super Valu Stores	33⅛	1.85	2.27	2.69	18.5	12.4	11	high
Superior Oil	33⅜	1.75	1.34	1.94	44.8	17.2	22	low
Supermarkets Genl	22⅞	2.11	2.46	2.89	17.5	7.9	7	average
Swift Independent	30⅝	5.07	4.61	5.75	24.7	5.3	5	average
Sysco	36¾	1.71	1.94a	2.29	18.0	16.0	14	very high
TECO Energy	25⅛	2.49	3.10	3.30	6.5	7.6	18	high
TRW	74⅞	4.73	5.32	6.79	27.6	11.0	15	high
Tampax	52⅞	3.84	4.58	5.20	13.5	10.2	12	very high
Tandem Computers	34	0.76	0.80	1.30	62.5	26.1	27	average
Tandon	21½	0.36	0.65	1.10	69.2	19.6	17	low
Tandy	36	2.17	2.67a	3.24	21.3	11.1	27	high
Tektronix	78¾	2.57	4.48	6.30	40.6	12.5	9	average
Teledyne	169	12.62	15.69	19.09	21.7	8.9	7	very high
Tenneco	41	5.73	5.41	6.38	17.9	6.4	23	high
Texaco	37⅜	4.92	5.28	5.92	12.1	6.3	32	averagre
Texas Air	6⅛	–7.27	–4.64	0.78	NM	7.9	9	very low
Texas American Bancshares	35½	4.96	4.38	5.07	15.8	7.0	6	average
Texas Commerce Bancshares	39⅞	5.35	5.67	6.25	10.2	6.4	21	very high
Texas Eastern	61¾	7.08	6.35	7.69	21.1	8.0	22	average
Texas Gas	50½	5.49	4.87	5.54	13.8	9.1	9	very high
Texas Instruments	116⅜	6.10	–0.11	10.22	NM	11.4	26	low
Texas Oil & Gas	43⅜	2.35	2.81a	3.37	19.9	13.0	25	very high
Texas Utilities	25¾	3.85	3.97	4.16	4.8	6.2	22	very high
Textron	36	2.02	2.66	3.61	35.7	10.0	10	average
Third National	38½	4.87	5.54	6.23	12.5	6.2	4	high
Thrifty Corp	18⅞	0.92	1.27a	1.38	8.7	13.7	3	very high
Tidewater	21⅝	3.07	1.68	2.45	45.8	8.8	12	low
Tiger International	5⅝	–8.04	–3.47	0.69	NM	8.2	3	very low
Time Inc	66	2.45	3.14	4.47	42.4	14.8	17	average
Times Mirror	81¾	4.09	5.09	6.50	27.7	12.6	21	high
Timken	60½	–0.27	0.58	4.78	724.1	12.7	5	low
Toledo Edison	20¾	3.18	3.20	3.31	3.4	6.3	7	very high
Torchmark	37¾	4.01	4.48	5.01	11.8	7.5	14	very high
Tosco	4⅞	0.64	–2.29	2.25	NM	2.2	6	very low
Toys "R" Us	42⅝	1.17	1.57	2.03	29.3	21.0	14	high
Trans World	30½	0.25	1.25	3.78	202.4	8.1	16	very low
Transamerica	28⅝	2.86	3.06	3.87	26.5	7.4	15	average
Transco Energy	38½	5.26	4.79	5.36	11.9	7.2	20	average
TRANSOHIO Financial	10⅛	–6.40	1.00	1.21	21.0	8.4	4	very low
Travelers	31¼	3.67	4.02	4.55	13.2	6.9	23	average
Trust Co of Georgia	40	3.86	4.54	5.15	13.4	7.8	4	very high
Tucson Electric Power	35⅞	3.11	3.90	4.37	12.1	8.2	16	average
UAL	29⅛	0.36	2.55	4.33	69.8	6.7	19	low
USF&G	55¼	3.98	5.32	5.99	12.6	9.2	20	low
Union Camp	70	5.10	5.65	7.34	29.9	9.5	20	average
Union Carbide	64⅜	4.47	4.48	7.62	70.1	8.5	29	low
Union Electric	15½	2.17	2.42	2.49	2.9	6.2	12	high
Union Oil Co of Calif	29¼	4.63	3.94	4.73	20.1	6.3	35	average

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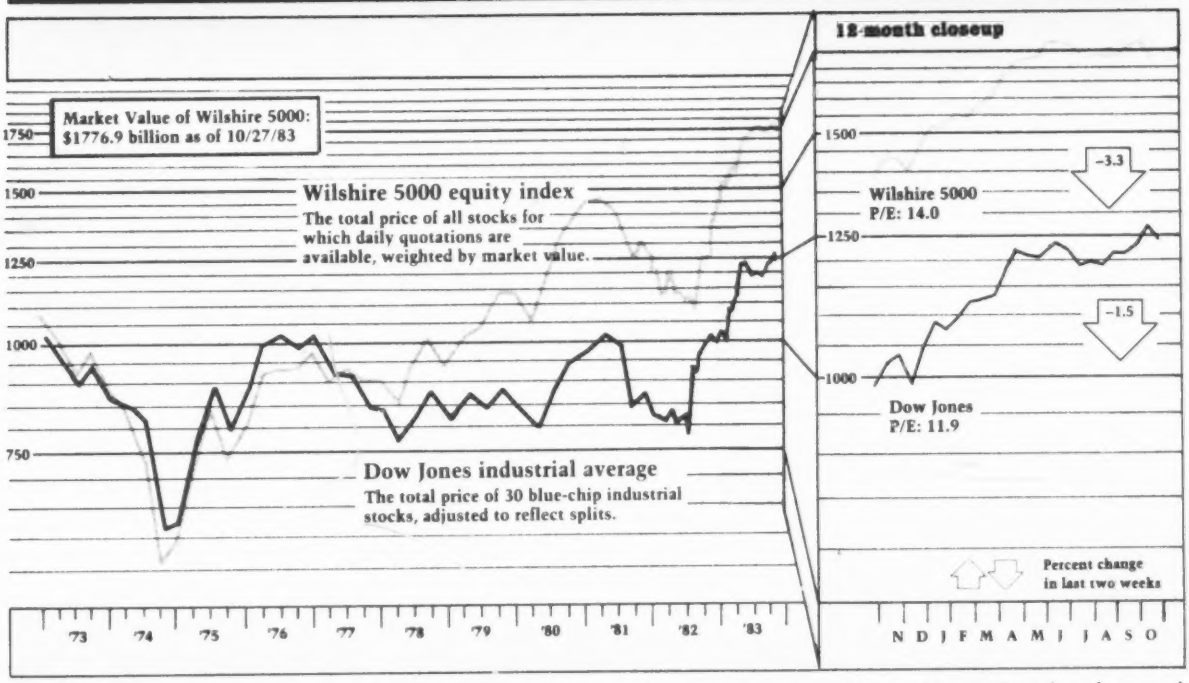
Peering into the crystal ball: a look at 1984 earnings

Company	Recent price	Earnings per share* 1982	1983 estimates	1984 estimates	% change 1984 vs. 1983 estimates	1984 estimate P/E	1984 estimate number of analysts	1984 estimate confidence factor
Union Pacific	57½	$3.38	$3.77	$4.86	28.9%	11.8	22	average
Uniroyal	16¼	0.78	1.64	2.38	45.1	7.0	7	low
United Banks of Colorado	17¾	2.43	2.69	3.12	16.0	5.7	4	high
United Energy Resources	27¾	6.42	3.99	4.87	22.1	5.7	16	low
USAir Group	28¼	2.88	2.98	3.93	31.9	7.2	19	low
US Bancorp	25⅝	2.92	3.22	3.71	15.2	6.9	15	high
United States Gypsum	48¾	2.60	3.88	6.00	54.6	8.1	12	low
US Shoe	38¾	2.72	3.42	4.00	17.0	9.7	13	high
United States Steel	28⅜	–3.99	–2.86	3.42	NM	8.3	17	very low
US Tobacco	35¾	2.01	2.43	2.83	16.5	12.6	12	very high
United Technologies	65⅜	6.41	7.55	8.81	16.7	7.4	23	high
United Telecommunications	23⅜	2.49	2.75	3.10	12.7	7.5	21	high
United Virginia Bankshares	30⅞	3.88	4.28	4.70	9.8	6.6	4	very high
Universal Leaf Tobacco	39⅞	3.93	4.21a	4.89	16.2	8.2	8	high
Upjohn	59¾	4.18	4.97	5.61	12.9	10.7	26	average
USLIFE	26⅜	3.71	3.74	4.24	13.4	6.2	15	average
Utah Power & Light	23½	2.38	2.48	2.57	3.6	9.1	17	high
VF	65¾	5.63	7.08	8.10	14.4	8.1	8	very high
Valero Energy	23¾	3.21	2.51	4.21	67.7	5.7	9	low
Valley National	22¼	3.03	2.90	3.40	17.2	6.6	14	high
Varian Associates	52½	1.48	2.05	2.66	29.8	19.7	15	average
Virginia Natl Bankshares	33¾	4.48	4.84	5.37	11.0	6.3	4	very high
Vulcan Materials	60½	4.73	4.42	6.34	43.4	9.5	9	average
Wachovia	45⅜	4.85	5.35	5.89	10.1	7.7	25	high
Wal-Mart Stores	40¼	0.91	1.32	1.72	30.3	23.4	15	average
Walgreen	37⅛	1.86	2.17	2.58	18.9	14.4	12	high
Jim Walter	35¼	1.74	3.94	5.56	41.1	6.3	15	average
Wang Laboratories	32¾	0.88	1.16a	1.58	36.2	20.7	28	average
Warner Communications	22⅝	3.96	–2.88	2.11	NM	10.7	15	very low
Warner-Lambert	30	2.05	2.48	2.85	14.9	10.5	26	very high
Washington Post	67¼	3.70	4.52	5.47	21.0	12.3	13	high
Washington Water Power	20¾	3.17	3.04	3.18	4.6	6.5	6	high
Waste Management	42¼	2.40	2.68	3.65	36.2	11.6	12	average
Wells Fargo	38⅜	5.93	5.80	6.34	9.3	6.1	24	high
Wendy's International	16⅝	1.13	1.32	1.54	16.7	10.8	14	high
West Point-Pepperell	48¼	4.14	4.86	5.77	18.7	8.4	10	average
Western Co of North Amer	10⅝	1.27	–0.21	0.27	NM	39.0	19	very low
Western Union	31⅞	3.34	3.67	4.11	12.0	7.8	11	low
Westinghouse Elec	48⅝	5.16	4.92	6.15	25.0	7.9	18	average
Westvaco	32	2.40	2.22	3.49	57.2	9.2	15	average
Wetterau	19⅝	1.91	2.13	2.48	16.4	7.9	5	high
Weyerhaeuser	34⅛	0.90	1.65	3.28	98.8	10.4	24	low
Whirlpool	48⅛	3.83	4.54	5.55	22.2	8.7	12	very high
White Consolidated Industries	42½	2.06	2.89	4.29	48.4	9.9	10	average
Whittaker	30	3.77	2.55	4.37	71.4	6.9	8	low
Willamette Industries	36¼	0.35	1.97	3.70	87.8	9.8	16	low
Williams Cos	26⅛	1.15	1.21	2.56	111.6	10.4	14	very low
Winn-Dixie Stores	49¼	4.18	4.54a	4.98	9.7	9.9	9	very high
Wisconsin Electric Power	27	3.60	3.72	3.85	3.5	7.0	25	very high
Wisconsin Power & Light	28¼	3.51	3.64	3.82	4.9	7.4	13	very high
Witco Chemical	32¼	2.03	3.19	3.94	23.5	8.2	8	very high
FW Woolworth	36⅞	1.40	3.50	4.32	23.4	8.6	12	average
Wyman-Gordon	34½	2.95	2.42	3.06	26.4	11.3	9	low
Xerox	47¾	4.47	4.60	5.80	26.1	8.2	19	average
Zapata	18⅛	4.73	2.71	1.53	–43.5	11.8	12	very low
Zayre	43	2.26	3.13	3.84	22.7	11.2	12	average
Zenith Radio	30⅞	–1.15	2.20	2.96	34.5	10.4	8	average
Zion Utah Bancorp	32¼	3.86	4.29	4.87	13.5	6.6	3	average

*For fiscal years ending June through May of the following year. a: Actual 1983 earnings. NM: Not meaningful.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

The Forbes/Wilshire 5000 Review



Weakness before strength. The troubles of the secondary issues have finally caught up with the blue chips. The Wilshire index peaked on June 24 and is now off some 5.5%. But over this same period the blue chip Dow remained flat, the Amex lost 13.3% and NASDAQ weathered a 15.6% decline. Over the last two weeks the Dow industrials fell 1.5% and the NYSE declined 3%. Amex shares, meanwhile, were off 6.5% and NASDAQ stocks suffered a 4.5% loss. The Wilshire dropped 3.3%.

The market is showing little mercy for companies with disappointing earnings. The decline in issues such as Digital Equipment seems to have sobered investors. And with year's end approaching, additional profit taking and tax-loss selling may make the mood even more gloomy.

The longer-term outlook, nonetheless, is still encouraging. The major automakers have reported healthy third-quarter profits, as have Pan American and UAL in the troubled airlines group. The decline in the major indicators has also brought the market's overall price-to-earnings multiple down. The Dow industrials are now selling at 11.9 times latest 12-month earnings, and the Wilshire multiple is 14. What's more, if security analysts are correct, 1984 should be a very profitable year for most major corporations *(see story, p. 212).*

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–2.7	–1.0	0.2	–1.9	–8.1	–7.3
in last 52 weeks	25.2	23.4	25.3	23.7	34.0	31.0

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–2.4	–6.5	–6.8	–0.7	–7.8	–6.0	0.2	–6.1	–8.2	–0.5	–1.8	–7.1
in last 52 weeks	25.7	90.7	74.0	38.1	48.7	84.5	34.4	81.5	83.5	37.1	37.0	84.1

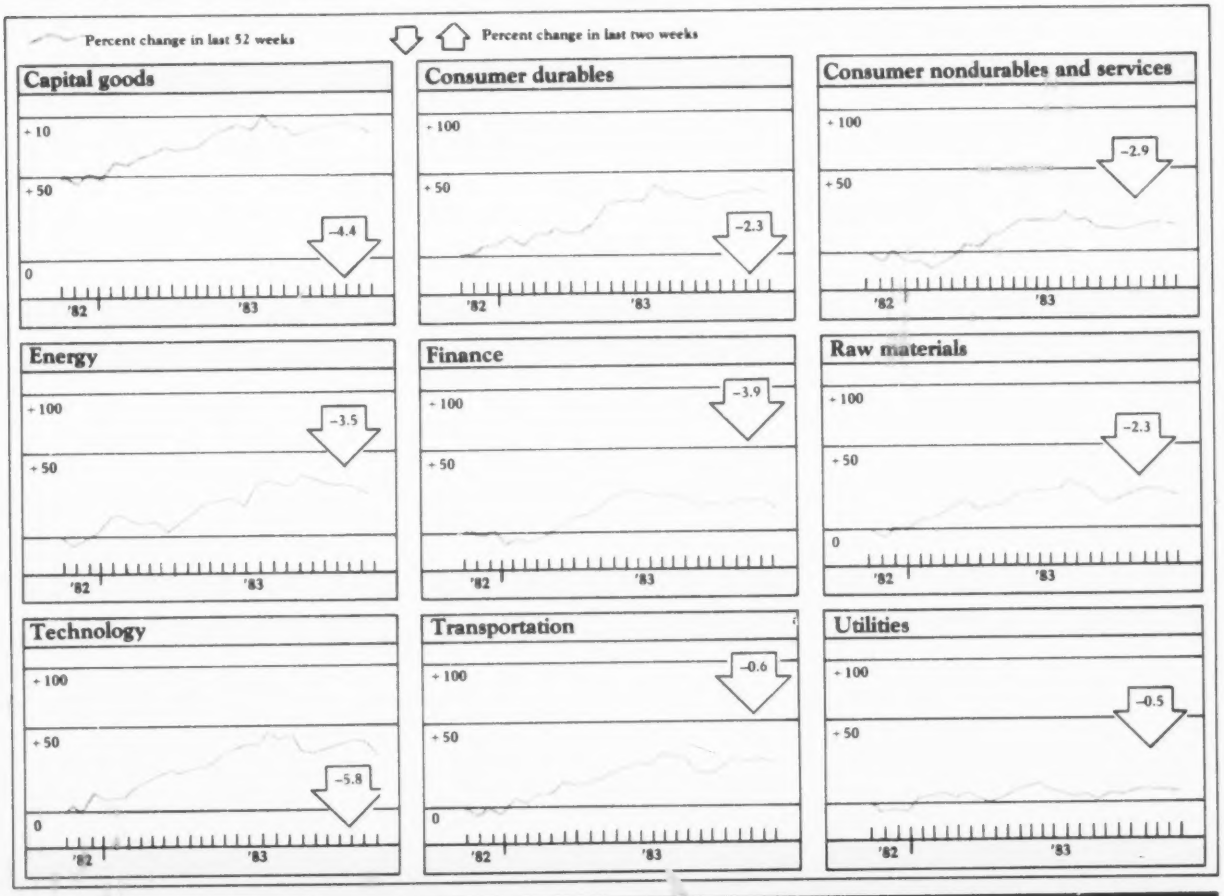
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/27/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

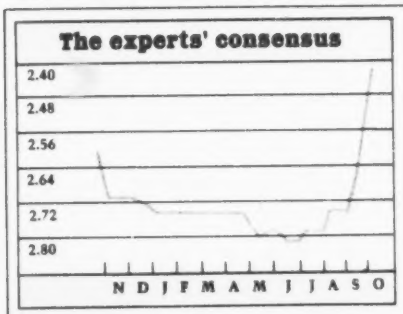
Reverse technology. The technology sector took another step backward, with a 5.8% two-week loss. With giant IBM flexing its muscle in microcomputers, investors are worried about prospects for the competition. Capital goods, with a 4.4% decline, was the second-poorest-performing group. The finance and energy sectors, meanwhile, registered two-week losses of 3.9% and 3.5%, respectively. As expected, most of the major brokerage firms reported lower earnings. And the oils have lost much of their summer sizzle.

Some investors sought refuge in utilities. Others liked some favorable airlines' earnings reports, which boosted the transportation sector. These two groups posted the slimmest losses over the last two weeks.



What The Analysts Think

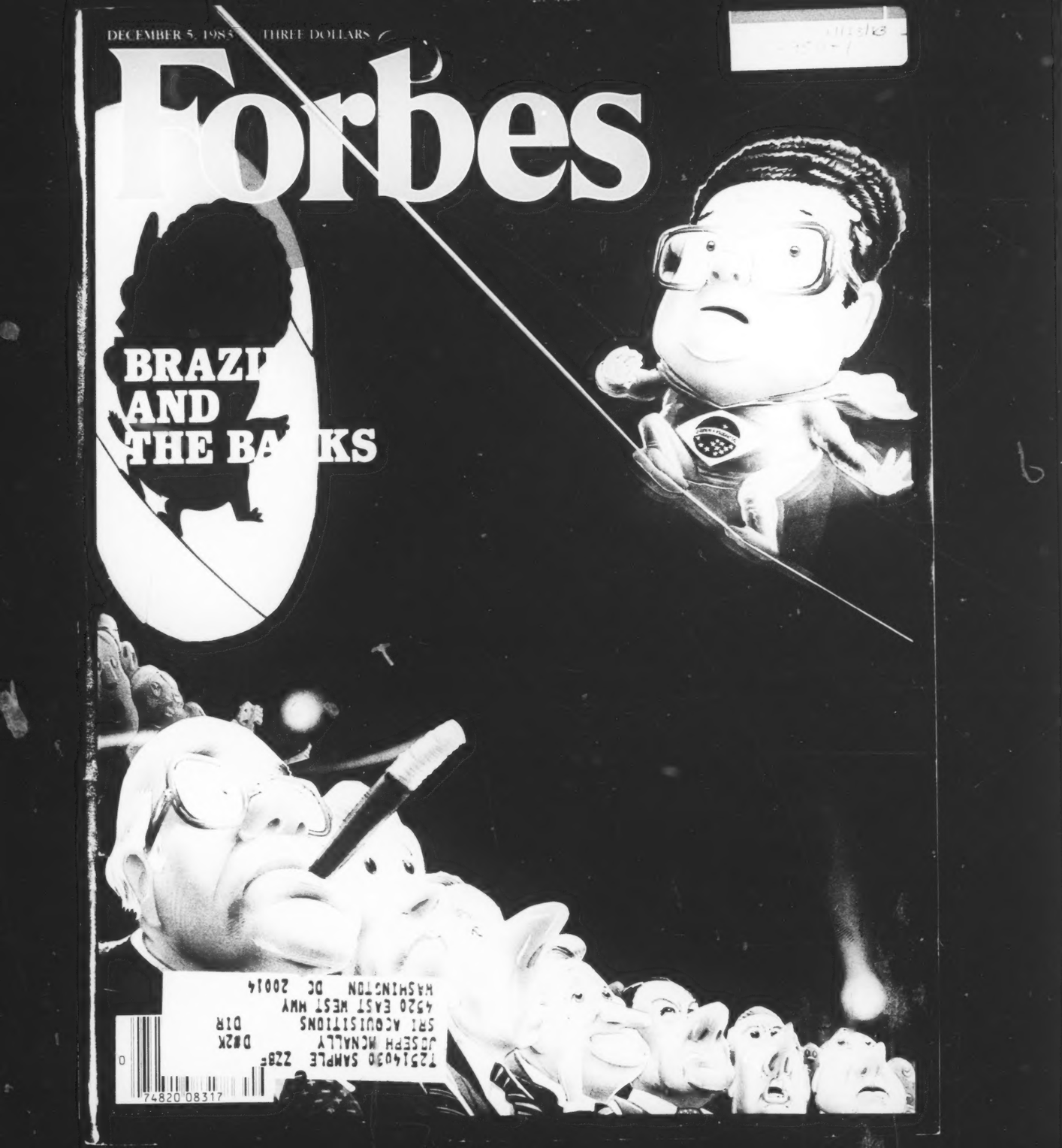
Another plug for utilities. Even though utilities have been ranked first for months, analysts have become even more bullish of late. In fact, despite the declining market, the experts have raised their buy opinions on seven of the nine Wilshire sectors. Only the consumer nondurables and finance sectors show minor setbacks.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	1.79	1	1
2	Consumer durables	2.28	2	4
3	Raw materials	2.33	3	2
4	Transportation	2.40	4	6
5	Technology	2.42	5	9
6	Consumer nondurables	2.51	6	7
7	Capital goods	2.51	7	3
8	Energy	2.53	8	8
9	Finance	2.81	9	5

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/27/83. Prepared by Wilshire Associates, Santa Monica, Calif.



December 5, 1983
Volume 132,
Number 13

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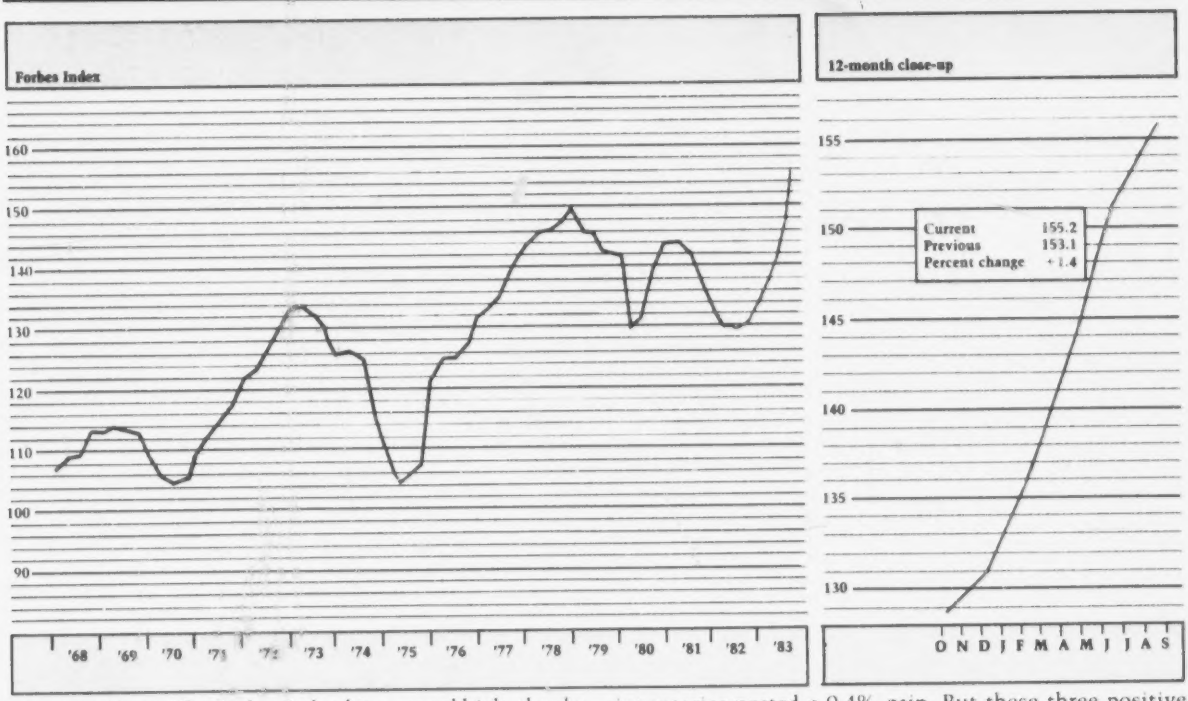
The Forbes Index



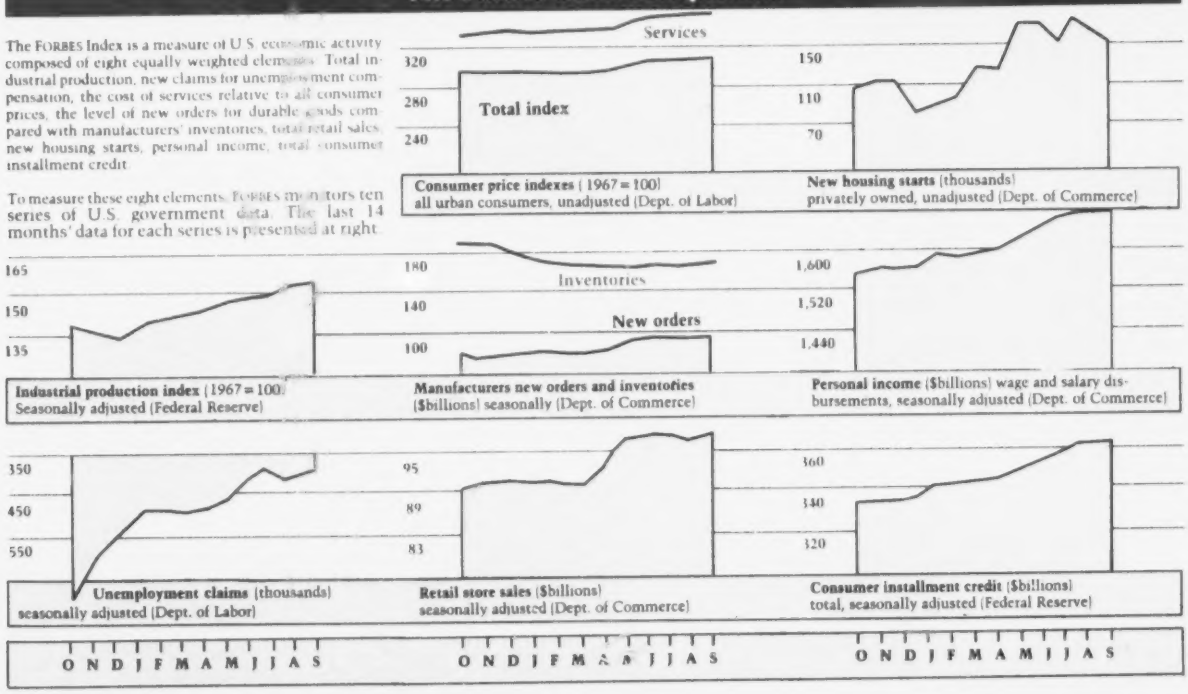
New territory. The Forbes Index hit a record high, thanks largely to the gains in new housing starts and the drop in unemployment claims. A 0.7% month-to-month jump in consumer installment credit—a sign that people may be borrowing and buying in force—gave the Index an upward nudge. In addition, inventories are 6.3% lower than they were at the same time last year. Manufacturers' new orders were up 1.1% from previously revised figures, and inventories posted a 0.4% gain. But these three positive signs weren't strong enough to pull up the Index, which uses them as part of a moving average.

Slight downward revisions of two previously reported components tempered the rise of the Index, too. Retail sales now show a 1.3% month-to-month gain. And the drop in new unemployment claims is only 5%, rather than the 5.4% that was reported earlier.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series is presented at right.



Brazil can't pay the interest on its $90 billion debt. So why are bankers pretending that it can? They would be better off wiping the slate clean and starting over—next time more cautiously.

Games bankers play

By Norman Gall

DOES ANYBODY remember President Calvin Coolidge's annoyed response when he was told the British and French were suspending payments on the money they borrowed from the U.S. to fight World War I?

"They hired the money, didn't they?"

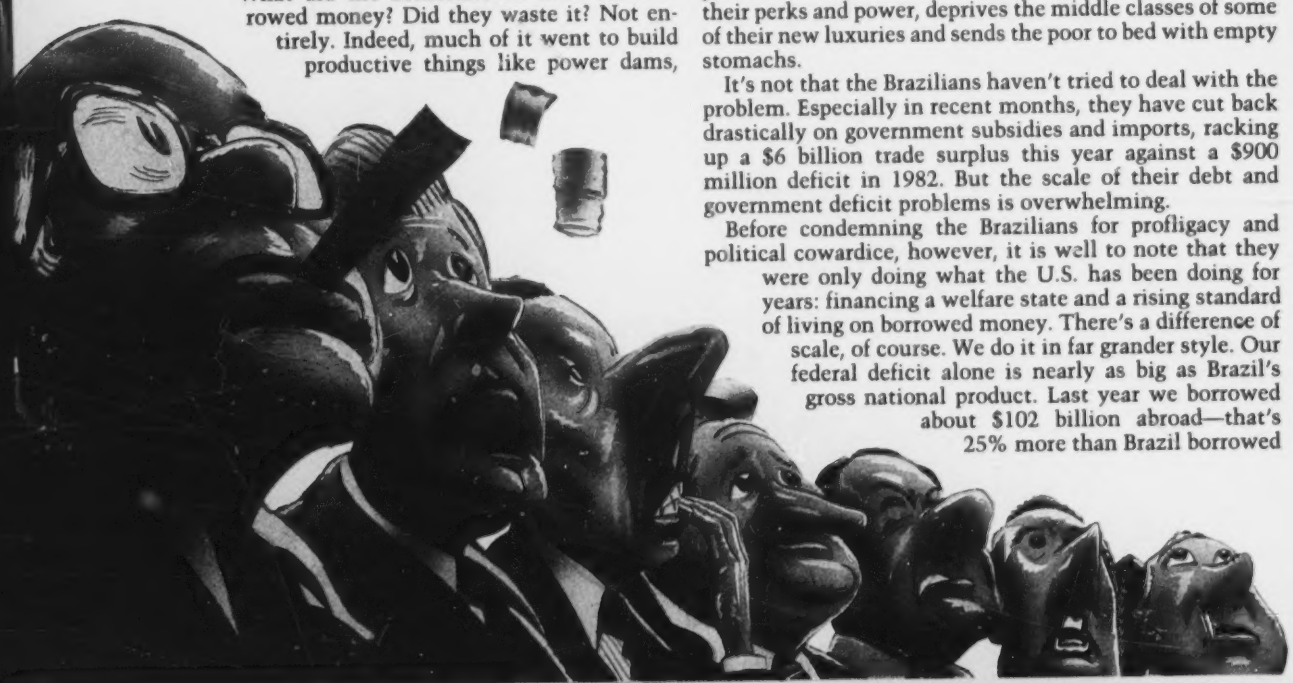
Oh, yes, they hired the money, but the proceeds were fired out the muzzles of cannons, and our old allies never paid most of it back. Nor will Brazil ever pay back at anything like 100 cents on the dollar, with interest, the $90-odd billion it owes to foreign banks, exporters and governments. Beyond that it is doubtful whether Brazil can honor its domestic government debt, which has trebled in the past year alone, swollen by—and contributing to—Brazil's runaway inflation.

What did the Brazilians do with the borrowed money? Did they waste it? Not entirely. Indeed, much of it went to build productive things like power dams, steel mills, ports, fertilizer factories, airports and a telecommunications network. Too much of it, however, went for things of little productive value. For example, vast handouts to the working class, to the middle class, to the wealthy. These handouts helped this nation of 126 million people accept two decades of unpopular military rule. But now the bill has come due.

And therein lies a major part of the international debt problem, involving $700 billion in loans and credits and the solvency of some major American banks: How do you pay interest on money, lots of money, money that has been eaten or spent on trips abroad or on expanding the bureaucracy? Only by asking people to eat less for a while, traveling abroad less and firing bureaucrats. Not easy. Not pleasant. It's the kind of medicine that costs politicians their perks and power, deprives the middle classes of some of their new luxuries and sends the poor to bed with empty stomachs.

It's not that the Brazilians haven't tried to deal with the problem. Especially in recent months, they have cut back drastically on government subsidies and imports, racking up a $6 billion trade surplus this year against a $900 million deficit in 1982. But the scale of their debt and government deficit problems is overwhelming.

Before condemning the Brazilians for profligacy and political cowardice, however, it is well to note that they were only doing what the U.S. has been doing for years: financing a welfare state and a rising standard of living on borrowed money. There's a difference of scale, of course. We do it in far grander style. Our federal deficit alone is nearly as big as Brazil's gross national product. Last year we borrowed about $102 billion abroad—that's 25% more than Brazil borrowed



over the past ten years.

So, why is Brazil suffering over 200% annual inflation and unable to pay its loans, while the U.S. in its worst year had only 13% inflation and has no trouble servicing its debts? Scale again. American profligacy is supported by a far bigger and stronger economy. But, in many senses, the two countries, indeed most countries today, are sisters and brothers under the skin. The details differ, but the plot is always the same. They call it populism and mortgage the future to pay for it. For Brazil today the mortgage is due, with repayment now accelerated by high interest rates. And there is nothing much to pay it with.

How did Brazil get in such a fix? It's an old story, well described in a League of Nations report on the great Central European inflations of the 1920s: "Inflation is the form of taxation which even the weakest government can enforce, when it can enforce nothing else."

That's the key to the Brazilian mess, indeed the whole international lending mess: Printing money to monetize debt is easy for any modern government. It enables a government to spend freely without seeming to tax. And the public will blame some mysterious force called "inflation" rather than government spending and credit creation itself.

Which helps explain, of course, why inflation and seeming prosperity so often go hand in hand. When U.S. inflation was beginning to slip out of control in 1979, the U.S. was wallowing in a consumption-oriented economic boom highlighted by a virtual orgy of home buying. In the midst of Brazil's spreading financial chaos, its real economy seems to be standing up surprisingly well.

As did Germany in the half-century before 1914, Brazil in the half-century through 1982 went through an extraordinary process of fast economic development, national unification and creation of a large middle class. In 1960 only 1 in 29 Brazilian families had a private car. By 1980 1 in every 4 families had one. All this was accompanied by a high rate of inflation and monumental borrowing abroad. Everybody sensed that inflation and foreign borrowing on that scale were dangerous, but nearly everybody seemed to be gaining from it.

The first oil crisis hit Brazil hard, but foreign loans enabled the Brazilians to pay their huge oil import bill without slowing economic growth. Thus its economy grew by 7% per annum from 1974 to 1980, while the economies of the industrial countries were languishing at 2.5% growth.

So, not all the borrowed money was wasted. Brazil's newly expanded steel industry, faced with reduced home demand, is making major gains in export markets. Farm production has been expanding steadily over the past four years, and, despite crop losses from this year's floods in southern Brazil, the export sector is gearing up for a windfall in soybean earnings (FORBES, *Aug. 30, 1982*), thanks to this year's drought in the U.S. Midwest. Tractor sales are booming as acreage expands into new frontier areas, and increased demand is creating shortages in machinery, seeds and fertilizer.

The crisis and the consequent tightening of the money supply has brought riots in big cities, but many provincial towns seem stable and prosperous. A gold rush in Amazonia has brought hundreds of thousands of men to dig and pan in jungle streams.

Near the gold rush country in the colonial port of São Luis at the edge of Amazonia, Alcoa is building a $1 billion alumina-aluminum complex, to be fed by the region's rich bauxite and hydropower resources. When it is finished next year the plant will become a principal supplier to the U.S. and thus a major source of foreign exchange.

Meanwhile, Brazil's oil production has more than doubled since 1979, to 340,000 barrels daily, with new offshore finds promising to raise output to perhaps 420,000 barrels next year. At the same time, expensive investments to replace gasoline with alcohol, distilled from sugarcane juice, have been bearing fruit. Today 92% of the cars rolling off Brazilian assembly lines run on alcohol.

Why do such economic growth, rising standard of living and rising inflation so often go hand in hand? No mystery: The very credit creation that leads to inflation also encourages enterprise, at least in the early stages, by making money plentiful and cheap in real terms.

Alas, however, the process is self-limiting, and the limits are at hand. In the end those debts that financed the easy expansion cannot all be paid. In Germany in the 1920s, the Weimar government's credit collapsed. Unable to borrow, the German government had to run the printing presses flat out. In Brazil today a similar collapse of public credit may be imminent.

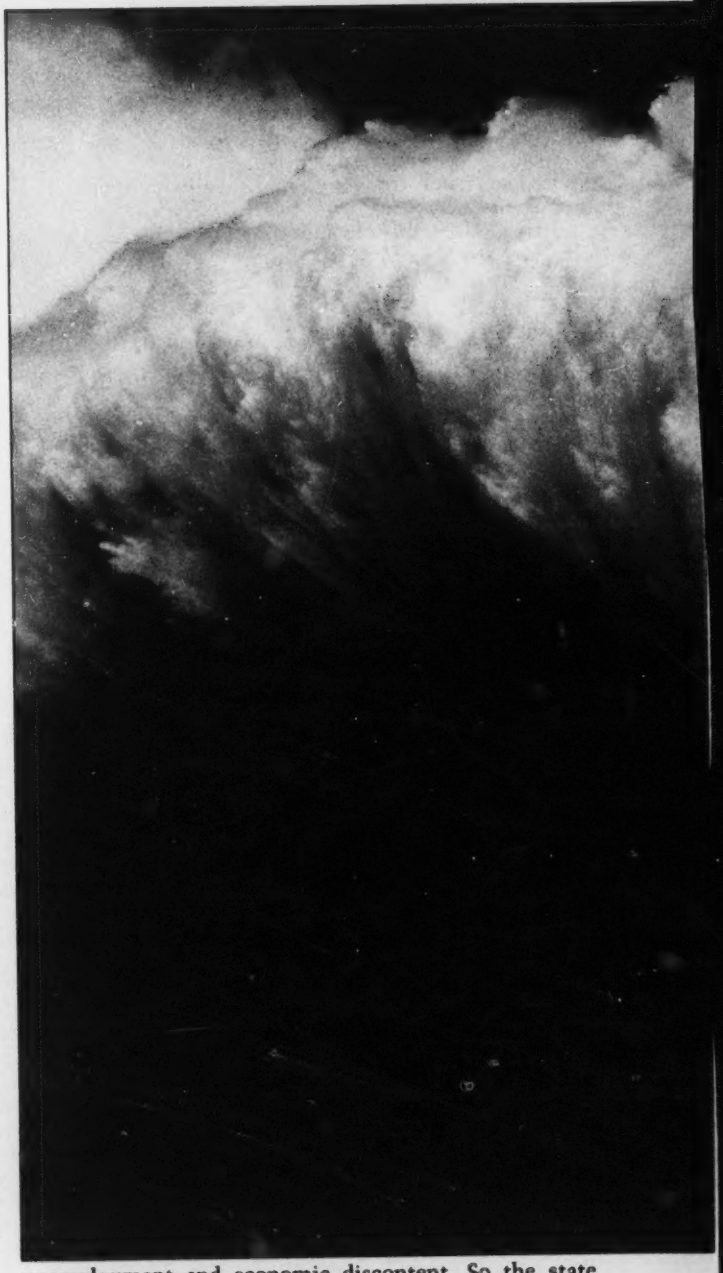
The precursor of this collapse is an almost tangible sense of fear. Says the editor of a leading Brazilian newspaper: "It will be like Germany in the 1920s. First, hyperinflation and social chaos, then a National Socialist regime to lead us out of the wilderness—into God knows what." A young secretary with an unemployed husband explains why the couple quit São Paulo for the remote countryside: "There's going to be an explosion. People can't live on what they earn." In an effort to make ends meet, both individuals and businesses are slipping into the underground economy at an accelerating pace. The result is further losses of government revenues and ability to borrow.

All this has begun to bleed resources away from Brazil's huge government-owned corporations, themselves an engine for inflation and for debt creation. These corporations, political entities as much as economic entities, flourished in Latin America in the postwar decades, nourished by foreign borrowing and printing-press money. These corporations created jobs and economic activity, but at the expense of ever-growing market restrictions and subsidies. The subsidies swelled the government deficit,

Antonio Delfim Netto
Brazil's Minister of Planning

while the market restrictions now saddle the Brazilian economy with high costs.

State capitalism is not a purely Brazilian or Latin American problem; in recent decades it has spread all over the world to countries as different as South Korea, the U.K. and South Africa. Americans who advocate an "industrial policy" to help our troubled automobile or steel industries would do well to see where this has led in Brazil.



The huge Itaipu Dam on the Paraná River

What did Brazilians do with the borrowed money? Did they waste it? Not entirely. Much of it went to build productive things like power dams and steel mills. Too much, however, went for vast handouts.

Most of Brazil's state corporations were formed after the military seized power in 1964 and have served as a final roosting place for retired generals and colonels, giving them great political power. Measured by net worth, the 24 largest companies in Brazil are government corporations. Each has its cluster of subsidiaries that proliferated rapidly during the 1970s. Some of them are world-class industrial corporations whose business was avidly sought by big foreign banks that lent them roughly $60 billion over the past decade.

While some are highly efficient at major undertakings like iron mining and dam building, these state companies, insulated from market forces, often do what they do at horrendous costs. Petrobras, the state oil corporation, indulges in politically motivated payroll padding, poor supervision and politically motivated contracting. Thus, in spite of Brazil's relatively low wage rates, Petrobras incurs offshore production costs higher than they would be anywhere else.

Today, therefore, most of these state companies are broke, owing billions of dollars in back debts to banks, contractors and suppliers. Also, these public enterprises served as fronts for central government borrowing abroad. Access to seemingly limitless foreign credit made them immune, for a while, to cash-flow problems generated by overstaffing, posh fringe benefits and grandiose investment ambitions.

The proper weapon for ending such waste would have been the imposition of efficiency measures on the state corporations. But that would have involved politically painful payroll-cutting. So Antonio Delfim Netto, Brazil's minister of planning, decided to gamble. In 1979 the owlish, fast-talking former economics professor launched a New Economic Policy to "fight inflation with growth."

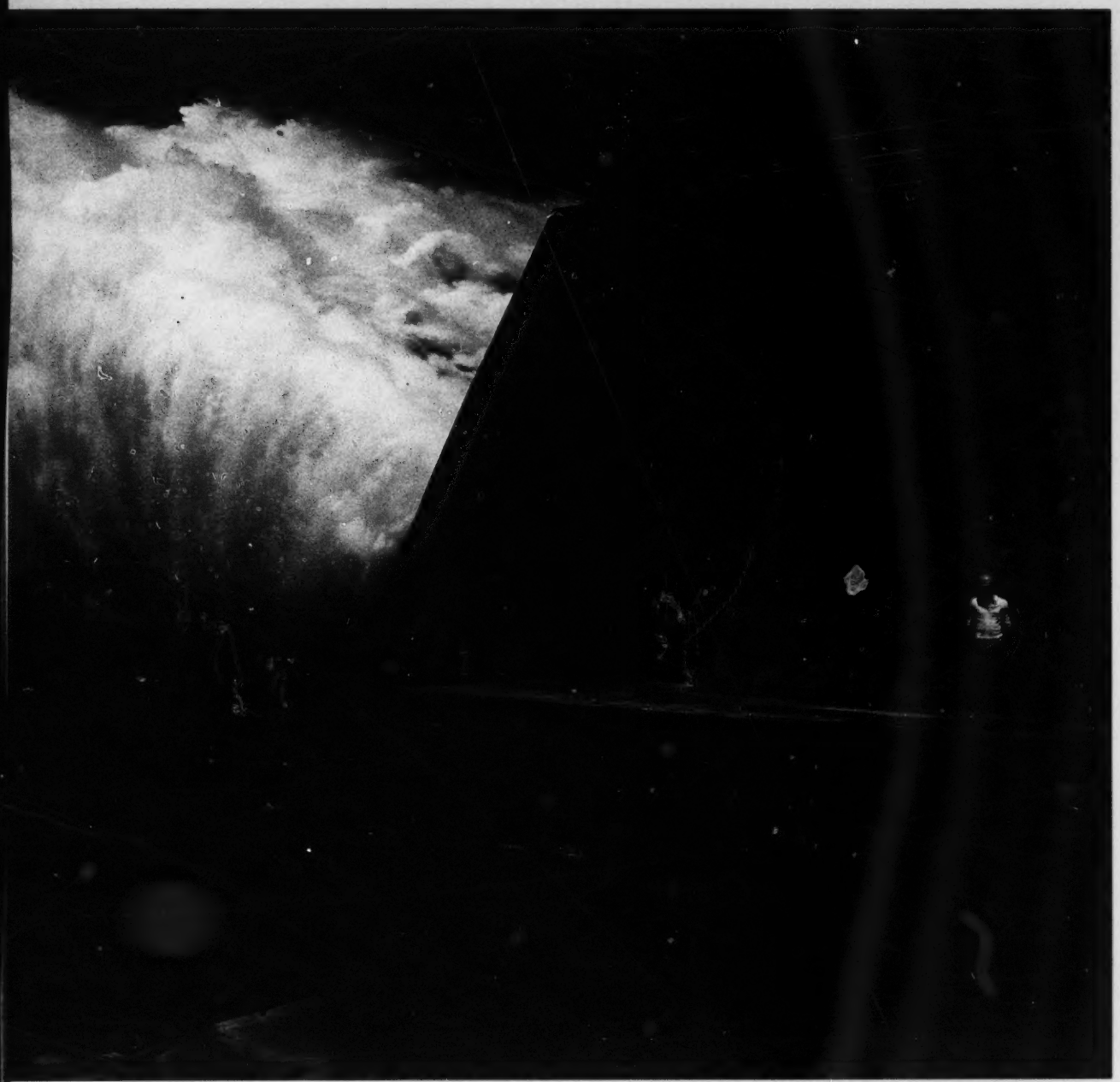
First, he announced that inflation could be beaten by a big harvest. So he hugely expanded rural credit, lending to farmers at interest rates barely one-fourth the inflation rate. What happened? Many of the farmers took the cheap money and put it out at high money market interest rates. According to a World Bank report, the acreage financed was from 30% to 100% greater than the area harvested for the main crops—soybeans, wheat, coffee and sugar.

Next, Delfim approved an "incomes policy" that pegged wage increases above inflation, already approaching 100%. Thus, instead of slowing inflation, indexing speeded it up. Delfim had turned Brazil's famous indexing system into a monster that nobody could control.

Private business could deal to a degree with rising labor costs by laying people off. But the state corporations—absorbing nearly one-third of the national product—couldn't lay people off. Doing so would lead to great unemployment and economic discontent. So the state companies continued to honor workers' "acquired rights," such as 16 monthly salaries for 11 months' work, retirement as early as age 50, plus free or subsidized housing, health care, supermarkets and personal loans.

"Just try to fire people or stop paying them 16 monthly salaries a year," says the president of one of the big state electric utilities. "You can't do it. We have strong unions in this company. They go to court to defend their acquired rights and they win. Overtime pay also becomes an acquired right, even if nobody works overtime."

Unable to levy enough taxes to pay the losses of this and other government spending, the government resorted to borrowing more at home and abroad. Government domestic borrowing was squeezing credit so severely that public and private companies couldn't meet their payrolls. It was a genuine crowding out of private credit.



To get around the shortage of credit, Delfim told private companies to borrow abroad, in dollars. This drove them into the friendly arms of foreign bankers, whose own coffers were swollen with Arab petrodollars. To make things easier, Delfim prefixed the exchange rate a year ahead of time at less than half the rate of inflation. A few years ago he described to FORBES the way things worked:

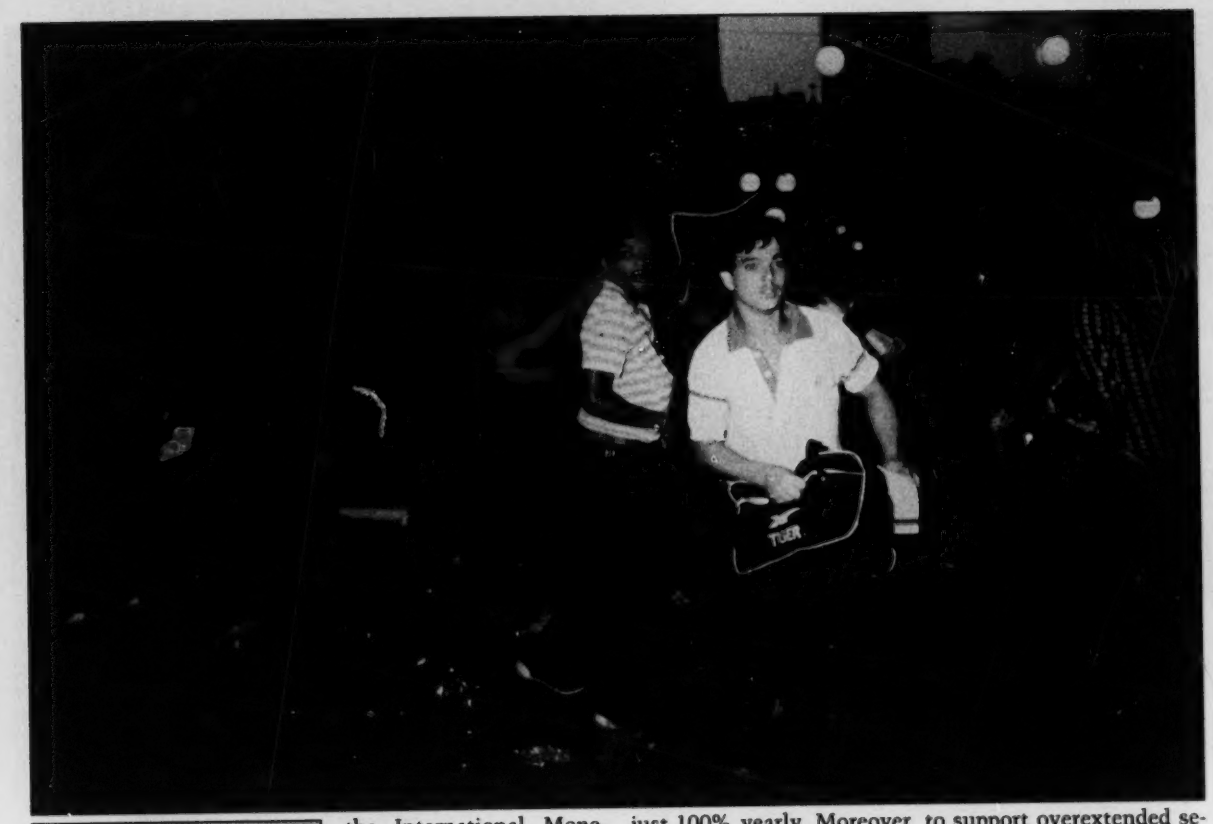
"Until now, what has been done is simply to get a foreign loan, change the dollars into cruzeiros and use this loan domestically to create money that could be spent."

Of course, he promised to change all that, and did. By steeply devaluing the cruzeiro he stopped the game of borrowing abroad by private business, but he also made it almost impossible for private businessmen to service their foreign loans.

So Brazil is hooked on credit but cannot carry its expensive habit any further. Put it this way: Not without a certain cynicism, knowing in the long run they could not service so much debt, the Brazilians succeeded in getting foreign banks to help finance their welfare state. Now, bereft of this questionable largess, with no net new foreign loans coming in, Brazil resorts even more desperately to the printing press. Inflation spins crazily out of control.

Again, the world has been here before, and the precedent is frightening. It was described in 1923 by Lord d'Abernon, the British ambassador to Berlin during the German hyperinflation: "In the whole course of history, no dog has run after its own tail with the speed of the Reichsbank. The discredit they throw on their own notes increases even faster than the volume of the notes in circulation. The effect is greater than the cause; the tail goes faster than the dog." Just substitute Brazil for Germany, and you have it.

To stop this long-ago tail-chasing, measures were developed by the League of Nations that closely resemble what



Recent street scene in São Paulo

A young secretary with an unemployed husband explains why the couple quit São Paulo for the remote countryside: "There's going to be an explosion. People can't live on what they earn."

the International Monetary Fund is trying to do today; that is, monitoring drastic internal measures in order to curb the government deficit. Thus neither the disease nor the medicine is new.

Under prodding from the League of Nations, independent central banks were formed in most of the inflation-ridden countries, and the new central banks abruptly stopped printing money and lending to the government. Unable to borrow, the government had to fire. In 1922, after the value of its currency declined by about 90% in eight months, Austria undertook to fire 100,000 government employees. In 1923-24 Germany fired 230,000 government employees.

Note this: It was drastic domestic measures that stopped inflation in the 1920s, not the kind of outside help Brazil is seeking. At this point Brazil is not yet desperate enough to sacrifice state capitalism, and part of the huge bureaucracy it has spawned, to put its finances in order. So the money chaos gets worse.

For example, on Monday, Oct. 17, Brazil's Central Bank auctioned 1 trillion cruzeiros (U.S.: $1.25 billion) in dollar-indexed treasury bonds. The issue was equal to one-fourth of Brazil's whole high-power money supply. It was eagerly grabbed by brokerage houses and small and medium-size banks that planned to retail them to their customers. The new bills were attractive to investors: interest, pegged to inflation and devaluation, was 250% to 300% yearly. And the government turns around and lends to the farmers at just 100% yearly. Moreover, to support overextended securities dealers, the central bank had to subsidize loans to them so they could hold the unsold treasury bills in their portfolios. Is there any wonder that Brazil is on the verge of total monetary collapse?

But, again, Americans would be wise to avoid complacency. The same thing has happened here. Farmers borrowing at subsidized rates and putting the proceeds into money market funds; middle-class people getting government-subsidized mortgages; autoworkers helped to big wage boosts by quotas on competitive Japanese imports. Americans need only think back to the height of their own inflationary frenzy in 1980 and 1981, when collectibles, condominiums and commodities were considered prime investments. Says a prominent Brazilian economist: "Today the private sector has stopped investing in production in order to invest in financial speculation."

Or, listen to this and shudder: "My regular customers have disappeared, but business still is pretty good," says a gentleman's tailor in a middle-class São Paulo neighborhood. "The middle class can't afford made-to-order suits anymore, but men who work in banks and brokerage houses now are ordering five or six at a time."

Among those who have profited most in this inflationary environment in Brazil are businessmen whose companies have declared *concordata* *(see box, p. 180)*. This is a Chapter 11-type proceeding to avoid bankruptcy, which suspends interest payments for two years while freezing cruzeiro debt at nominal levels and converting dollar debt into cruzeiros. *Concordata* has proved both profitable and popular. Some of Brazil's leading companies have joined the great surge of court petitions in 1983. Inflation, quite obviously, does nothing to improve business morality.

Fortunately, the U.S. seems to have turned off the path that leads to hyperinflation. But Americans will recognize the symptoms as described in the classic study of the great

Survival over conscience

What's it like doing business in an economy where inflation is accelerating almost out of control and where the government is trying desperately to apply the brakes? What do you do? You survive as best you can. Listen to the plaints of a well-known São Paulo business executive:

"My company got into trouble because commodity prices froze on our products in 1980-81, while inflation doubled our costs each year. I tried to stay in business by borrowing money until prices would recover. I spent two-thirds of my time trying to get more loans. By early 1982 I realized I never would be able to pay my debts and a *concordata* would be necessary."

Concordata, as our story explains, is a relatively gentle form of Chapter 11 that enables Brazilian companies to evade debt burdens while staying in business.

The businessman sighs: "We have an old family business, and taking a decision like this involved serious problems of conscience."

In the end, survival won out over conscience. The businessman continues: "But once I decided, I borrowed as much as I could, in addition to what I already owed, to buy all the new machinery I needed to operate my business efficiently during the *concordata*. When I didn't need any more credit and was in a strong bargaining position, I called in my creditors. Banks held nine-tenths of my debt and suppliers the rest, so I paid off my suppliers so our business could continue running normally.

"Ten months ago we were broke, but today I have $1 million in Brazilian treasury bills, earning fabulous profits and generating 30% of our cash flow without having to lift a finger. Meanwhile, the price of my company's stock has tripled, as has the price of other big companies' that declared *concordata*."

So attractive is *concordata* that many Brazilians have decided it is a sensible way to deal with the nation's foreign debt. They may be right. Since we no longer have debtors' prisons and warships are no longer considered a valid instrument for collecting international debts, renegotiation and scaling down seem the only sensible way of dealing with what Brazil owes abroad. The problem is not to make it too easy or attractive, and to provide enough guarantees to prudent lenders that credit can flow again, more rationally.—N.G.

German inflation. It was written by the Italian member of the War Reparations Commission in Berlin, Costantino Bresciani-Turroni. A half-century ago he wrote: "The fluctuations of the mark caused a continual instability in the conditions of German production, an alternation of periods of feverish activity and periods of restraint and business crises. To every improvement [strengthening] of the mark there corresponded an increase of unemployment." Then, as now, fighting inflation was a painful process. Inflation leads to instability, but deflation leads to painful interruptions in the general prosperity. No government of modern times, no social system, has dealt successfully with the problem.

In this context, the world is asking a lot in expecting Brazil to stop inflation and honor her debts.

There's been a great deal of scurrying around recently to resolve the Brazilian situation with a minimum of pain. Just before the IMF-World Bank meetings in Washington in late September, Brazil's new central bank president, Affonso Celso Pastore, began roaming the earth, talking with bankers in Washington, New York, Toronto, Honolulu, Tokyo, Bahrain, London and Zurich. He is trying to hold together agreement "in principle" on a new $11 billion rescue package, including a $6.5 billion jumbo bank loan for 1983-84.

Make no mistake, though: The jumbo plan won't get the banks out; it will get them in deeper. In one grand gesture it would expand the banks' exposure to Brazil by 11%, which would swell Brazil's foreign debt past the $100 billion mark.

"Can we put together the biggest jumbo in history for one of the world's financially weakest economies?" asks an executive of a big New York bank, one of Brazil's leading creditors. Maybe. Maybe not.

To the extent that Brazil is trying to cooperate with the International Monetary Fund, it has subjected its society to severe stresses already. One of the main talking points of Brazilian officials with bankers and the IMF is that their tight monetary policies held growth of the primary money supply to "only" 91% over the past 12 months, while inflation was over 200%. Part of this contraction of available cash came less from tight monetary policy than the fact that smart people were repudiating the use of cruzeiros to store their wealth, moving instead into dollars and dollar-indexed government securities. The poorest people, those who use cash most, have been bearing the brunt of the monetary contraction.

For example, over the past year food prices rose 334%, with some staples—such as beans and potatoes—multiplying fourfold. Income and cash available went up nowhere near that fast. As well-tailored Brazilian bankers and officials discussed the Brazilian debt in Washington and New York, some Brazilians were going to great extremes to relieve the cash squeeze: Mobs were sacking supermarkets in slums on the outskirts of Rio de Janeiro and São Paulo and in small towns in the drought-wracked northeast.

In the U.S. "austerity" involves a few union givebacks, the elimination of some cushy government jobs and, maybe, difficulties for young couples in moving to larger dwelling quarters. In Brazil austerity means hunger. Not surprisingly, Brazilians are openly rebellious at the idea of indefinitely committing up to 5% of their national income, representing half their export earnings, to paying interest on the enormous debt already accumulated.

Who is to blame that U.S., European and Japanese banks allowed their loans to the Third World and Eastern Europe to expand to $400 billion, over $200 billion of that to three Latin American countries, Brazil, Mexico and Argentina? Easy to blame the bankers. Why did they push loans on countries, knowing in their heart of hearts the loans could never be serviced, let alone repaid?

Or you can blame the borrowers. The foreign money was cheap money, usually lent at rates below inflation, and it was capital that did not have to be squeezed out of their own threadbare economies. So they took all that was proffered and asked for more.

But there is another side to this: Over the past decade the international credit expansion sustained world growth

and development in the teeth of a tenfold increase in oil prices. It was the bankers who "recycled" the vast petrodollar surpluses and averted a crash in 1974 and again in 1979.

It was a risky business, but everyone had his favorite rationalization. The big borrowers believed that banks could not afford to stop lending to them because any suspension of credit would lead to a default, which would in turn lead to financial panic in the main lending countries. With remarkable symmetry, the banks felt that they could lend freely because they, too, were too big to be allowed to fail. Besides, the bulk of their deposits from Americans are federally guaranteed. Those guarantees calmed depositors as illusion fed on illusion. It is always that way in booms.

Changing dollars on the street in São João del Rei

Smart people are repudiating the use of cruzeiros to store their wealth, moving instead into dollars. The poorest people, those who use cash most, have been bearing the brunt of the monetary contraction.

However, blame is not the issue now. Between 1979 and 1982 Brazil borrowed an additional $24 billion from foreign banks but paid out interest of nearly $28 billion. That means Brazil was bleeding cash even though its international debt was rising.

Yet the charade goes on, a charade of capitalizing interest, rolling over loan installments and increasing credits until the developing nations' debt reaches $1 trillion or more and people can no longer pretend. In fact, people cannot pretend much longer. For one thing, Brazil cannot and will not really carry out the terms of the International Monetary Fund rescue plan.

Three times this year Brazil has promised to bring the inflation rate down, but it has gone up instead, and it is still going up. Three times Brazil's Congress rejected wage control legislation and passed a watered-down version only in November. How effective these controls will be remains to be seen.

What now? If the banks can put together the new loans, the main beneficiaries would be the nine big U.S. money center banks, which as a group have lent the equivalent of half their capital to Brazil.

If the loans are made and interest payments resumed, the biggest banks *(see table, p. 186)* would be able to breathe a little; they would be relieved of the obligation, under U.S. banking regulations, of subtracting Brazilian interest more than 90 days in arrears from current profits and, later, writing off bad loans as capital losses. Also, the big banks would earn immediate profits from front-end fees and commissions of $65 million to $100 million for their trouble in arranging the new jumbo.

Who is to bail out the big banks? The little banks. The U.S. regionals currently have much less loan exposure to Brazil and have resisted being pushed into the big banks' crowded lifeboat. Yet the pressure is on them to produce much of the new money Brazil needs. The regionals reluctantly are agreeing to join in the $6.5 billion Brazilian jumbo, essentially for political reasons, though many have warned the big banks that this will be the last time.

German and Japanese banks also are joining the rescue for political reasons, even though the banks have been writing off much more of their bad foreign loans more vigorously than their U.S. counterparts.

But even if all the reluctant contributors finally are lined up in a united front to save Brazil and themselves from immediate financial embarrassment, how long can this process continue? Brazil's annual interest bill already amounts to half its export earnings. How long could a company stay in business if half its revenues had to be used for interest payments? Not long.

Yet another voice from the 1920s: In his *Tract on Monetary Reform* (1923), John Maynard Keynes observed: "The active and working elements in no community, ancient or modern, will consent to hand over to the *rentier* or bondholding class more than a certain proportion of the fruits of their work." When debt burdens become intolerable, he added, the government resorts to repudiation or devaluation, which wiped out two-thirds of the French and all the German public debt in the 1920s.

Eventual default, therefore, is not a probability but an inevitability. Even if Brazil were a totalitarian state, it probably could not force enough austerity on its people to pay the international debts. But default can be managed. Look at the way the International Harvester and Chrysler situations were handled in the U.S. The important thing is that both companies were kept alive and eventually got enough fresh credit to stay in business. The losses, of course, are much greater in lending to foreign governments. So, many of the banks would have to look to their own central banks and their governments to bail them out—at a penalty, of course—on the grounds that while the banks did transgress, their transgressions got the world

Morgan Guaranty	1.7	43.8	3.9	446	3.2	53	Morgan Guaranty

Loan loss reserves and stockholders' equity as of 9/30/83; all other figures as of 12/31/82. *Sources: Bank data; Keefe, Bruyette & Woods; Institute for International Economics.*

through the petrocrisis and helped expand world trade.

A start has been made. Loan loss requirements are not yet set for new and rescheduled loans to countries in debt trouble. U.S. regulators also apparently are relaxing the legal lending limit—15% of capital to any one borrower—to accommodate banks in granting new loans to countries that cannot otherwise service their debts. A year ago federal authorities began requiring banks to report and deduct from profits all arrears in interest payments of more than 90 days. This grace period now is being stretched to six months. Also, all peso payments in escrow to the central banks of Mexico and Argentina, which don't have the dollars to pass these loan payments on to the banks, have been treated as current income by U.S. banks, with the blessing of federal regulators.

In deep

The weight of loans to Brazil on the balance sheets of these big U.S. banks—the largest private lenders to Brazil—is now distressingly close to the weight of their capital. Would their capital be wiped out if, as seems probable, Brazil stops paying? Probably not, since accountants and federal regulators would step in to control the bleeding so the big banks would survive. But will the banks be more careful next time?

These, of course, are only delaying actions.

There are plenty of proposed long-term solutions. Most suggest conversion of loans into long-term, low-interest debt administered by the World Bank, the IMF or some new international agency. An indirect bailout of this kind is seen as more elegant, and politically less controversial, than if the central banks were to buy the bad paper and pocket the loss on behalf of taxpayers.

One such proposal has come from MIT Professor Rudiger Dornbusch, which would tie a scaling down of foreign debt to a scaling down of the explosive government domestic debt. It would accompany both with a radical devaluation of the cruzeiro to induce Brazilian companies to export more. Dornbusch would convert Brazil's foreign debt into long-term, low-interest government bonds. The banks could hold or sell them. If sold, the bonds would fetch a price well below 100 cents on the dollar. This would involve the banks in major losses but would bolster their liquidity. Who would buy the bonds, even at a discount? Dornbusch cites New York City's experience. When the city was close to default, there was still a market for its outstanding bonds, albeit at a big discount.

Market forces already have begun to move in this direction with the establishment in London of an informal secondary market for loan paper. In this market, Brazilian loans sell at 60 cents on the dollar. The point is: The system almost certainly can absorb the shock. Loans to developing nations and Eastern Europe by the international banking community total $400 billion, with $135 billion of this from U.S. banks. But against this, U.S. banks have total assets of $2 trillion. They have annual profits of about $15 billion. If half their $80 billion in Latin American loans had to be written off over, say, ten years, with corresponding tax credits, bank profits would be severely reduced. But the banks would, as a group, remain solvent. Judging by the prices at which some leading bank stocks are currently selling, that possibility has already been partly discounted by the market.

The real issue is not bank profits but trade. The debts cannot all be collected, but they must be dealt with in a way that keeps credit flowing to finance trade and to finance genuinely productive enterprise. Terrifyingly large as the potential loan losses are, the money is gone, and the important thing now is to prevent the financial damage from savaging the real world of trade, employment and investment.

They hired the money, didn't they? Yes, but they can't pay the rent on it and never will be able to. Admission of that fact is the starting point for any solution to the crisis. ■

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Forbes

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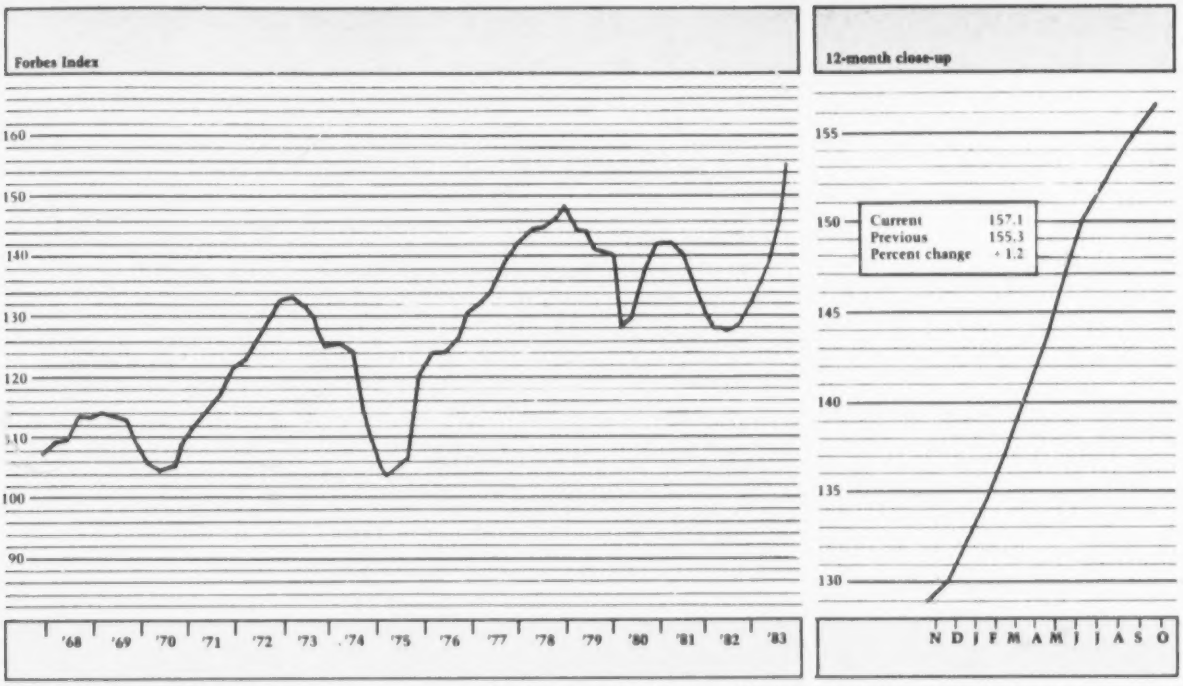
The Forbes Index



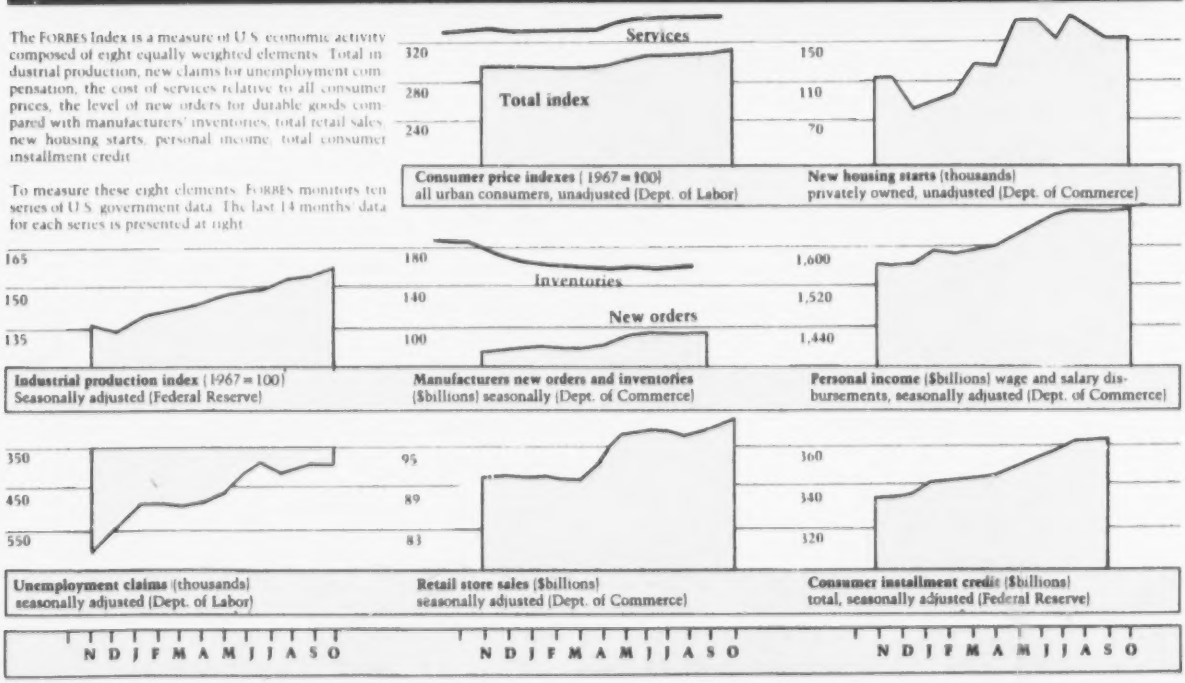
Controlled growth. With a 1.2% increase in the latest reporting period, the Forbes Index indicates that the economy is moving ahead but not overheating. The biggest month-to-month gains came in personal income and retail sales, up 1.2% and 1.1%, respectively. Will the holiday season at the checkout counter be as strong as some experts are expecting? While retail sales were 10.2% higher than a year ago, personal income is up only 8.9%. For a blockbuster Christmas, that means consumers must either dip into savings or take on more debt.

While a strong recovery in capital goods has yet to materialize, industrial production rose an encouraging 0.8% from the previous month. An advance in the consumer price index of less than 0.3%, meanwhile, translates into a 3.2% annualized rate of inflation. But there is bad news, too: a 2.6% gain in new unemployment claims.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series is presented at right.



Forget the ground floor. In leveraged buyouts everyone wants to get in on the mezzanine. Lots of action there.

Where the smart money wants to go

By Priscilla S. Meyer and Robert McGough

EVER WONDER WHY there are so many leveraged buyouts these days? Sure, a lot of businesses are better run independently by owner-managers than by giant public corporations. And there's the fact—well expressed by FORBES columnist Tom Murphy *(Oct. 24)*—that a lot of the LBOs are just being fattened up for a run at the new issues market. But follow the money—and there's plenty of money in this business—and you discover what Wall Street cheerfully calls "mezzanine financing."

The mezzanine may not be the ground floor, but in some senses it's an even better place to get in on the leveraged buyout game. To understand what the mezzanine is, it is necessary to understand how these deals are structured. On the ground floor, of course, is the manager of the company. He gets a nice chunk of the equity, paid for mostly with the promise of hard work. On the second floor are the bankers and insurance companies that lend the money to pay for the leveraged buyout.

There's something for the people on every level. The chap on the ground floor gets a chance to be his own boss and to get rich. The second-floor lenders, meanwhile, charge interest rates that are up to 3 percentage points over prime. They also benefit from "point" equivalents, upfront charges, prepayment penalties and equity options. The security, what's more, isn't deep gas or Third World dreams, but plain old corporate assets—stuff a creditor can actually touch.

Most LBOs, however, need something else to make them go. That's where the mezzanine comes in. Corporate managers, the guys on the ground floor, typically make token capital contributions. They kick in perhaps $2 million in a $180 million deal, a mere 1%. But the banks and insurance companies want more than $2 million in protection; they want $30 million, say. So, more equity is needed—the so-called mezzanine level. It is usually senior to the tiny slice of management equity and takes the form either of preferred stock or subordinated debt.

Mezzanine lenders are nominally investment bankers. But the real money comes from wealthy investors, venture capital pools or pension funds. They usually wind up with between 20% and 70% of total equity—which they hope to be able to sell off later to the public.

As long as speculators have an appetite for new issues—even new issues of old businesses—the profits on the mezzanine can be fat indeed. William Simon's $66 million killing in Gibson Greetings shows the potential in LBOs. "It's got to the point," says an investment banker, "that if a guy

Selling a piece of the pie

Since 1978 these 16 corporate divisions have been acquired through leveraged buyouts.

Original owner	Division sold	Buyout originator	Price (millions)
AMF	Harley-Davidson	management	$ 75
Allied	Converse	management	100
Anchor Hocking	Anchor Glass Container	Wesray	65
Beatrice Foods	All-American Bottling	Forstmann Little	105
Bendix	American Forest Products	Kohlberg, Kravis	435
Continental Group	Teepak	Hillside Capital	105
Dart & Kraft	Thatcher Glass	Dominick Intl	140
Diamond Intl	Heekin Can	Wesray	80
FMC	PT Components	Kohlberg, Kravis	125
Foremost-McKesson	Foremost Dairies	management	65
Gulf & Western	New Jersey Zinc	management	50
Gulf & Western	Consolidated Cigar	management	120
National Steel	Weirton Steel	employees and Lazard Frères	385
Owens-Illinois	Lily-Tulip	Kohlberg, Kravis	150
RCA	Gibson Greetings	Wesray	80
Revlon	Alford Industries	Bear, Stearns	75

walks in here with $2 million wanting some ground-level equity in an LBO, I tell him to go away. I don't need him. There's plenty of money walking around."

What's appealing about LBOs is that they don't require fancy products or brilliant growth prospects. "We're after dull and ugly companies," explains Gilbert Butler, a former Morgan Guaranty vice president who now heads Butler Capital Corp. His pride and joy is Hygiene Industries, the nation's largest shower-curtain maker, which Butler Capital helped buy from Nabisco in 1982.

This was a $28.5 million deal, arranged by First Boston. Butler provided $7 million in mezzanine finance, in return for preferred stock and subordinated debt. Along with that comes roughly 30% of the company's equity. But Butler gets even more. He earns a juicy 17% annually on his money and has three attractive options: He can sell his Hygiene shares to the public, to management or to an outside investor.

No wonder everyone now wants to do mezzanine financing. A client of Kohlberg, Kravis, Roberts & Co., a New York firm, for example, claims to have earned a 700% return on the buyout and subsequent public offering of Norris Industries. Kohlberg, Kravis now is raising $1 billion to do even more LBO deals, and much of that money, no doubt, will be put into mezzanine financing. Merrill Lynch, meanwhile, is in the mezzanine business, as is Citicorp; Morgan Stanley is about to enter. Narragansett Capital, a $113 million closed-end fund that trades over-the-counter, also provides capital for leveraged buyouts. Over the past two years, share prices have gone up 140%.

It's the old story. The profit potential of leveraged buyouts is so good that the dollars are starting to chase the deals. There are already telltale signs of trouble. Houdaille Industries, for example, the Fort Lauderdale-based machinery company that was bought out in 1979 in a transaction handled by Kohlberg, Kravis, is reportedly having difficulty earning enough money to justify a return to the public market. Then there is Brentano's. In 1981 managers bought this bookstore chain from Macmillan. Within a year Brentano's filed for protection from its creditors.

So the leveraged buyout phenomenon looks like it will go to extremes. It always happens that way in markets. So far, a lot of money has been made in LBOs. In the end a lot of money will be lost. ■

Selling the whole pie

Since 1978 these 20 corporations have been acquired through leveraged buyouts.

Company/*business*	Buyout originator	Price (millions)
Albany Intl/*papermaking, fabrics*	Morgan Stanley	$270
Beverage Management/*soft drinks*	Forstmann Little	100
Cannon Mills/*household textiles*	Pacific Holding	405
Coca-Cola Bottling of Miami/*soft drinks*	investors	155
Coca-Cola Bottling of NY/*soft drinks*	Gibbons, Green	220
Congoleum/*floor coverings*	First Boston	460
Dan River/*textiles*	Kelso & Co	150
Dentsply Intl/*dental, optical equip*	Kelso & Co	115
Dillingham/*maritime, constr, energy*	Kohlberg, Kravis	350
Empire/*liquefied petroleum gas distr*	Allen & Co	115
Fred Meyer/*food retailer, distributor*	Kohlberg, Kravis	425
Marley/*cooling towers*	Kohlberg, Kravis	330
NI Inds/*building products*	Kohlberg, Kravis	420
Purex Inds/*household cleaning prods*	Gibbons, Green	390
Questor/*infant feeding, seating equip*	DW Lufkin	135
Raymond Intl/*engineering, constr*	Kelso & Co	155
Reeves Brothers/*textile mfr*	Bankers Trust	165
Reliance Group Holdings/*fin svcs*	Saul Steinberg	535
Signode/*strapping sys fastener*	Merrill Lynch	430
Williamhouse-Regency/*stationery*	Carl Marks & Co	115

In London's financial markets, the panic is beginning. Fixed brokerage commissions are going and . . .

The colonials are coming

By Marcia Berss

DÉJÀ VU: The stock exchange abolishes the fixed commission. Brokers wail that the increased competition will force them to merge or fold. Research analysts financed by fixed commissions worry about what will support their activities. Everyone says that the firms with the deepest pockets will dominate the marketplace.

It's not 1975 in New York but 1983 in London, and the British brokers are sweating. The deepest pockets belong to the Yanks, and they just might overrun the London Stock Exchange and turn the corner of Throgmorton

Nothing will open doors for you like an M.B.A. degree from a top school. Earning one is the quickest route to the fast track. Still, is it worth it?

What's an M.B.A. really worth?

By Maria Fisher

SHORT OF A Jr. after a name that is also on the headquarters building, they still say, no letters in the corporate world will do more for you than M.B.A. when it comes to starting salaries. A typical 1973 graduate of Harvard Business School started at $17,000, for example. Five years ago the figure had risen to $24,000. Last spring it stood at $38,000; that's a jump of about 200% in a decade. Ayse Manyas Kenmore, Stanford's placement director, says that she expects salary offers to run $70,000 to $80,000 from consulting firms for next spring's graduates.

Eighty thou to start? Doesn't it figure to get that M.B.A. at all costs, from as good a school as will have you? Well, it's no longer that simple. For some would-be world-beaters, the apparent value of an M.B.A. degree may be deceiving. Maybe the real cost is too high.

There are two reasons for this seeming paradox. First, most top schools now require "real world" experience before a student can even apply for admission. As a result, top-level undergrads who would normally go straight into graduate school first get a job. If they have potential, they will be moving up soon enough—without the M.B.A. Second, of course, is the substantial cost of attending school itself on top of the job income no longer coming in.

Look at the numbers. Suppose you are a bright young graduate of a top school—Harvard, for example. You want to go to the B-school, but you need to wait a year to apply. You keep your intentions to yourself and take a job with Happibank, starting at $25,000 per year. In six months you get a raise and a promotion, to $30,000, and you are on a fast track. Suddenly, the B-school beckons.

If you go off to school for two years, you will lose at least $60,000 in salary, not counting other raises and promotions that might have followed. Add to that about $35,000 out-of-pocket for room and board, tuition, etc. So your true cost for the M.B.A. could approach $100,000.

Upon graduation, of course, you could be able to command a starting salary of $50,000 or more. But where would you be if you had stayed with Happibank in the first place? (And, if Happibank really liked you, they might even have been willing to pay you to get more training, perhaps even an M.B.A. part time, while you were still on the payroll.) Your hard-won M.B.A. in hand, you are gambling that over the years your M.B.A. will generate far more than the $100,000 it cost you to get it.

But isn't the M.B.A. worth the most at the start of a career? After a year or two off the campus, you will be judged on performance, rather than on potential.

So, is the M.B.A. worth getting after all? Well, let's not get too hung up on numbers. Maybe two years in B-school will leave you knowing a good deal more than just what salary to expect upon graduation. ■

Talk about opportunity costs!

The market price on new M.B.A.s is rising as the effects of the recession fade. Here are current figures from 14 of the nation's better-known B-schools.

School	—Median starting salary— spring 1983	spring 1978	Applicants for admission 1983	Number admitted fall 1983	% men/ women	% with 1 or more years' work experience	Estimated annual expenses*
Carnegie-Mellon	$32,748	$21,000	902	127	80%/20%	60%	$15,025
Chicago	34,762	20,128	3,206	478	79/21	74	15,600
Columbia	34,534	21,841	2,947	464	67/33	80	14,040
Dartmouth (Amos Tuck)	35,000	22,100	1,700	140	76/24	92	17,000
Harvard	38,000E	24,000	5,800	785	75/25	97	16,700
MIT	36,200	23,800M	1,445	193	73/27	80	17,950
Michigan	29,400E	20,178M	1,631	362	72/28	50	8,874/12,538†
NYU	30,600	19,700M	1,932	370	59/41	83	15,352
Northwestern	31,100E	20,100	3,043	450	67/33	83	16,200
Pennsylvania (Wharton)	37,854M	21,890M	3,400	610	72/28	97	16,000
Stanford	39,200E	24,000	4,686	316	75/25	93	16,600
Texas	27,027M	18,100E	1,788	642	67/33	under 15	5,610/6,900†
UCLA	32,713M	19,781	3,275	360	64/36	91	9,500/12,500†
Virginia	33,000	21,500	1,344	241	75/25	95	8,436/11,576†

*Includes tuition, room and board, fees, books and living expenses for a single student. †In-state student/out-of-state student. E: Estimate. M: Mean.

JANUARY 2, 1984 THREE DOLLARS

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Forbes

36th ANNUAL REPORT ON AMERICAN INDUSTRY

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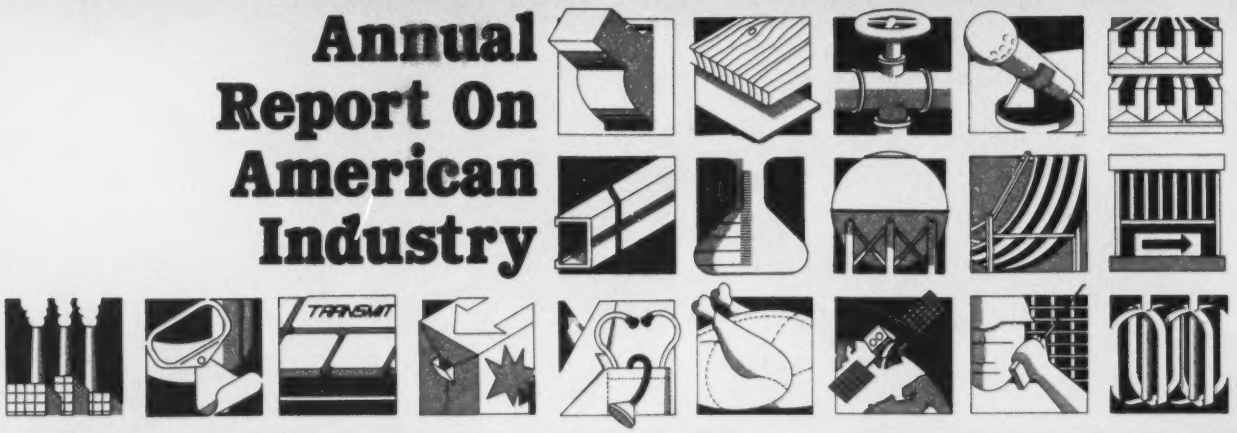
Forbes

Annual Report On American Industry



January 2, 1984 Volume 133, Number 1

How the 1,008 largest U.S. public companies compare in profitability, growth and stock market performance on the Forbes Yardsticks, and what lies ahead in 1984.

The Forbes Rankings

Introduction: The Octopus Survives 36
In Japanese *tako hai* means a corporation that pays dividends out of capital like an octopus that eats its own tentacles to survive. That's what U.S. business has been through.

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What they are. What they measure. How to use them.

Where to find the company 39
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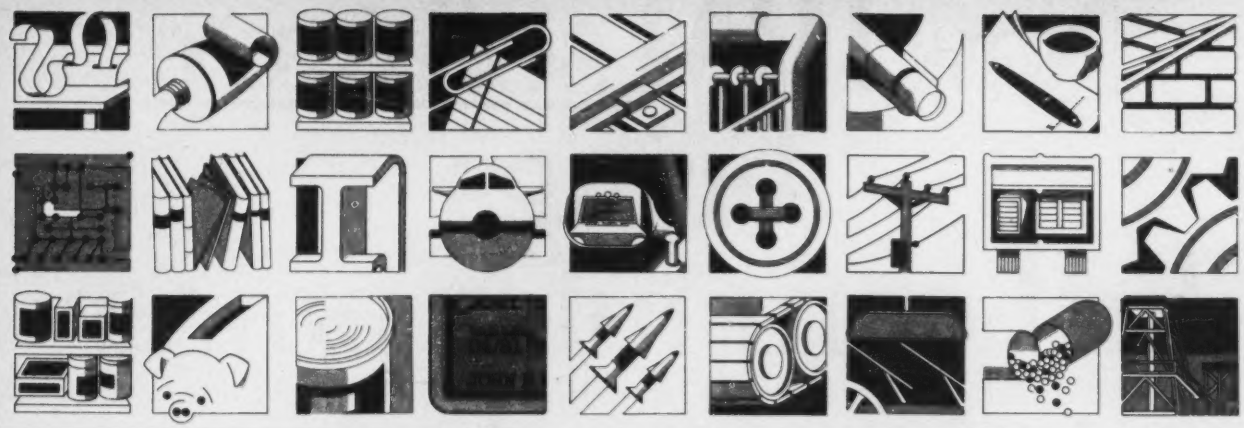

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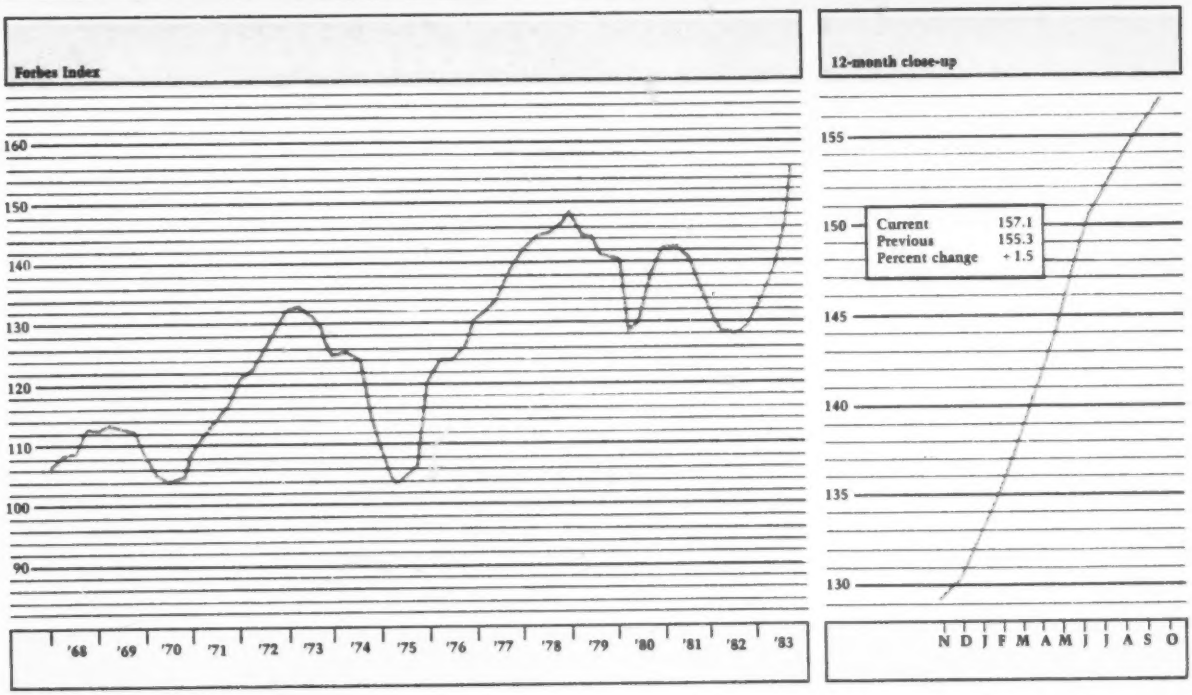
The Forbes Index

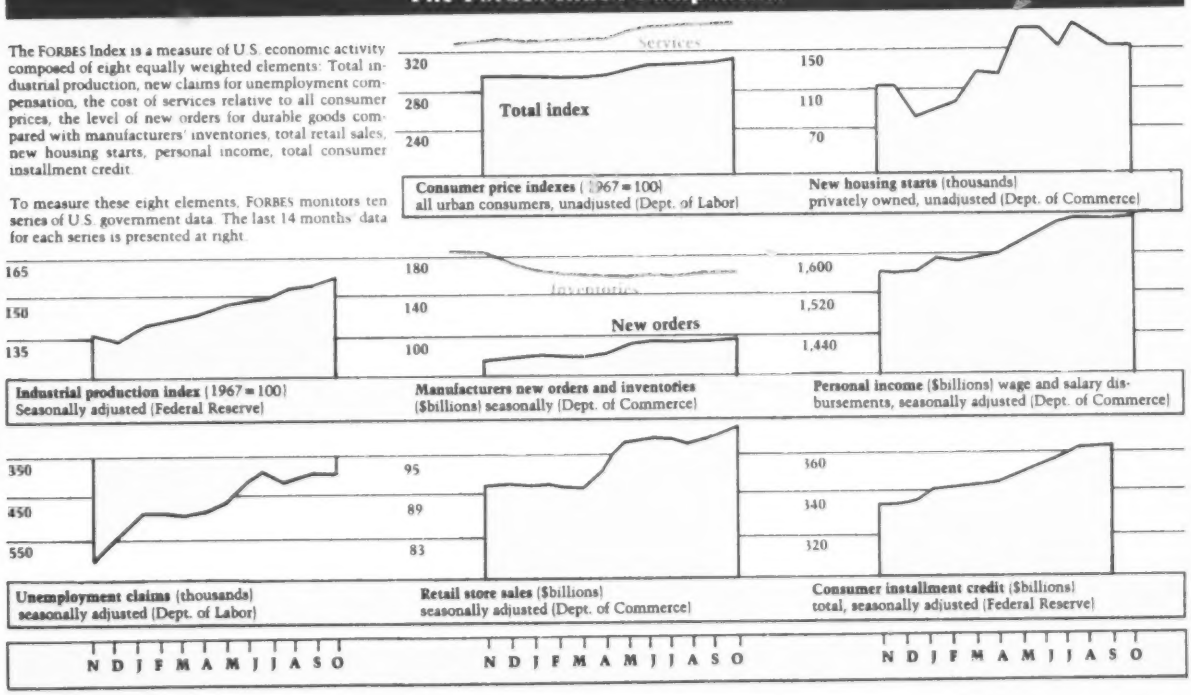


Strong and steady. In the current reporting period new figures for two components propelled the Forbes Index to another of 1983's records—1.5% above the previous peak. Our measure of overall economic activity is more than 20% above where it stood at the end of 1982. In October 1982, manufacturers' new orders were at a recessionary low. But with a 3.1% month-to-month rise, this figure is nearly 35% higher than it was during the same period in 1982. Meanwhile, manufacturers' inventories posted only a 0.2% gain. Inventories are more than 6% lower than the bloated levels of 1982. This isn't too surprising. More firms are emulating Japanese just-in-time management techniques. As the recovery continues to build momentum, overheating does not yet appear to be a problem.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series is presented at right.



The Forbes Yardsticks 1983

What they measure—and how

The Forbes 36th Annual Report on American Industry evaluates management performance at the nation's largest public companies. Included in our universe of 1,008 companies is every firm with revenues of over $450 million, and our data include both five-year averages and results for the latest 12 months.

The numbers in this issue chart companies according to profitability, growth and stock market performance. In addition, we measure profit margins and debt/equity ratios. Forbes compares each company with competitors in its own industry and against every other firm we rank. We also compare the medians for the 46 major industry groups with each other.

To locate a company, refer to the table that begins on page 39. It lists the firms alphabetically, giving the pages where each industry survey begins and where the appropriate Yardsticks appear. This table also provides each company's overall rankings in terms of profitability, growth and stock market performance.

For those of a serious statistical bent, here is how we calculate the Yardsticks: Return on stockholders' equity is the percentage return on the stockholders' portion of a company's capital. We derive this by taking earnings per common share (primary basis) as a percentage of stockholders' equity per share at the start of the year. We assume that all convertible preferred has been converted, which explains why our figure is lower than some others.

The five-year return in our Yardsticks tables is the average of the returns calculated for the four full years 1979 through 1982, plus the 12-month period ending with the most recent quarterly report. (For companies with fiscal years ending in January, February or March, the years 1980-83 are used in place of 1979-82.)

Return on total capital is the percentage return on a combination of stockholders' equity (both common and preferred) and long-term debt, including current maturities, minority stockholders' equity in consolidated subsidiaries, accumulated deferred taxes and investment tax credits. The profit figure for this calculation includes net income, minority interest in net income and estimated aftertax interest paid on long-term debt.

For companies that derive all their capital from common equity, return on stockholders' equity and return on total capital will be nearly identical. A company that employs debt, however, can boost return on stockholders' equity, provided that it earns more on the borrowed money than the borrowed money costs after taxes.

Debt/equity ratio indicates to what extent management is using borrowed funds, so-called leverage, in an attempt to increase profits. The ratio is calculated at the end of the last reported fiscal year. We divide long-term debt (including current maturities) by permanent capital, which we define as total stockholders' equity plus minority stockholders' interest, accumulated deferred taxes and investment tax credits. A high debt-to-equity ratio makes earnings more volatile; it is usually considered prudent only in relatively stable industries.

Where to find the Yardsticks

Industry median rankings, p. 240
Profitability rankings, p. 254
Growth rankings, p. 264
Stock market rankings, p. 274

Net profit margin comes from dividing net profits for the latest 12 months by net sales. The resulting number indicates what percentage of each dollar of revenue is available for dividends and reinvestment. Profit margins are best used as comparisons only among companies in similar industries. A starvation margin for an industrial company, for example, could be spectacular at a supermarket chain.

To smooth the yearly variations, we look back ten years to measure five-year sales and earnings-per-share growth. We then average these figures for the most recent five years (1979 through the latest 12 months) and compute the percentage change from the average for the preceding five years (1974 through 1978). We then express that change in terms of a five-year compound annual rate of growth, since the midpoints of the two periods are five years apart. This long-term focus differentiates our Annual Report from most other statistical compilations.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	80	144	202	213
ACF Industries	769	766	570	190
Acme-Cleveland	876	821	807	194
Aetna Life & Casualty	477	464	689	63
H F Ahmanson	896	886	580	60
Air Prods & Chems	345	334	499	173
Albertson's	119	196	165	228
Alcan Aluminium	565	318	351	160
Alco Standard	281	423	253	226, 244
Alexander & Alexander	116	655	942	55
Alexander & Baldwin	464	488	252	104
Alexander's	932	912	250	231
Alleghany	378	272	200	55
Allegheny Beverage	40	81	69	183, 211
Allegheny Intl	809	721	433	204, 244
Allegheny Power	545	602	518	90
Allen Group	891	871	434	99
Allied Bancshares	64	96	159	57
Allied Corp	681	645	422	74, 173, 244
Allied Stores	637	568	296	231
Allied Supermarkets	997	979	138	228
Allis-Chalmers	979	925	959	109, 194
Alcoa	732	563	489	160
AM International	992	925	976	183
AMAX	892	879	943	160
Amdahl	855	877	935	180
Amerace	880	869	655	194
Amerada Hess	314	236	412	74
American Bakeries	966	925	803	208
American Brands	126	174	348	222, 244
Amer Broadcasting	275	297	591	240
American Can	895	889	744	224
American Cyanamid	687	722	394	173, 220
American District	598	483	432	176
American Elec Power	719	778	924	90
American Express	165	259	326	55, 63
American Family	498	737	264	63
American General	356	280	272	63
American Greetings	390	236	68	235
Amer Hoist & Derrick	929	920	908	190
American Home Products	21	332	486	204, 215
Amer Hospital Supply	327	233	291	213, 226
American Intl Group	135	110	338	63
Amer Maize-Products	828	798	292	208
Amer Medical Intl	172	52	217	213
American Motors	988	979	572	109
American Natl Ins	670	334	465	63
Am Natural Resources	310	418	881	78
American Petrofina	385	502	356	74
American President	**	**	**	104
American Standard	296	414	551	199, 244
American Stores	91	89	97	228, 231
American Tel & Tel	643	623	887	176, 237
AmeriTrust	727	621	735	57
Ametek	190	419	153	194
AMF	864	836	861	235, 244
Amfac	820	791	555	226, 244
AMP	83	188	142	176
Ampco-Pittsburgh	842	773	863	190
AMR	939	925	242	139
Amstar	609	690	226	208
Amsted Industries	595	698	905	190
Anchor Hocking	856	829	483	224

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Anderson, Clayton	759	540	725	206
Anheuser-Busch Cos	196	109	234	211
Anixter Bros	139	99	11	194
Apple Computer	1	5	957	180
ARA Services	714	691	704	231
Archer Daniels Midland	404	265	174	206
Arden Group	760	**	121	228
Arizona Public Service	532	700	862	90
Arkla	183	394	248	78
Armco	950	925	919	154
Armstrong Rubber	870	788	214	99
Armstrong World Inds	824	732	480	199
Arvin Industries	841	848	396	99
ASARCO	787	241	425	160
Ashland Oil	104	369	922	74
Associated Dry Goods	731	526	105	231
Athlone Industries	834	863	884	154
Atlanta Gas Light	782	742	759	78
Atlantic City Elec	663	714	738	90
Atlantic Richfield	148	137	642	74
Auto Data Processing	180	170	321	183
Avco	672	771	669	55
Avery International	420	251	157	194
Avnet	295	380	45	176
Avon Products	93	679	965	220, 231
Avondale Mills	878	779	359	217
Baker International	198	203	827	84
Baldwin-United	973	925	974	55
Ball Corp	360	304	224	224
Bally Manufacturing	175	61	898	235
Baltimore Gas & Elec	628	614	732	90
Banc One	268	299	189	57
BanCal Tri-State	793	566	285	57
BancOhio	858	805	850	57
Bangor Punta	859	294	739	144, 244
Bank of Boston	420	185	347	57
Bank of New England	287	208	314	57
Bank of New York	470	442	475	57
BankAmerica	572	616	941	57
Bankers Trust NY	300	135	270	57
Barnes Group	850	833	557	99
Barnett Banks Fla	335	121	188	57
Bausch & Lomb	386	448	220	213
Baxter Travenol Labs	256	157	254	213
Beatrice Foods	592	680	720	208
Becton, Dickinson	623	560	798	213
Bell & Howell	886	738	229	183
Bemis	777	628	429	224
Beneficial Corp	897	894	682	55, 231
Bergen Brunswig	212	23	14	226
Berkshire Hathaway	785	70	19	63, 208
Best Products	512	600	687	231
Bethlehem Steel	975	925	805	154
Beverly Enterprises	198	7	53	213
Big Bear	6	41	**	228
Big Three Industries	320	262	790	84, 173
Big V Supermarkets	97	117	181	228
Bird	971	925	951	199
Black & Decker	786	794	660	204
Blount	182	216	204	202
Blue Bell	496	694	516	217
Boeing	126	83	746	144
Boise Cascade	821	761	634	170, 199

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Borden	614	493	367	208
Borg-Warner	560	329	155	99, 244
Borman's	931	907	781	228
Boston Edison	665	524	821	90
Briggs & Stratton	309	617	793	194
Bristol-Myers	114	300	284	215
Brockway Inc (NY)	852	809	888	224
Brooklyn Union Gas	427	402	558	78
Brown-Forman Dist	106	67	413	211
Brown Group	311	153	114	217, 231
Browning-Ferris Inds	197	93	75	194
Bruno's	17	34	**	228
Brunswick	173	138	108	235
Bucyrus-Erie	875	872	902	190
Burlington Inds	849	759	364	217
Burlington Northern	712	134	49	148
Burroughs	837	808	952	180
Business Men's Assur	472	36	641	63
Butler Manufacturing	794	822	923	199
Cabot	140	48	256	74, 160, 173
Caesars World	387	17	734	235
Calif Federal S&L	**	905	**	60
California First Bnk	724	665	808	57
Cameron Iron Works	229	267	665	84
Campbell Soup	451	513	544	208
Capital Cities Commun	126	122	139	240, 242
Capital Holding	515	386	601	63
Carnation	280	378	454	208
Carolina Pwr & Lt	640	694	844	90
Carpenter Technology	434	492	574	154
Carson Pirie Scott	728	649	411	231
Carter Hawley Hale	789	792	685	231
Castle & Cooke	881	867	891	208
Caterpillar Tractor	866	878	945	109, 190
CBI Industries	186	389	747	202
CBS	470	739	719	240
CBT	388	196	361	57
Ceco	672	203	195	199
Celanese	832	770	450	173
Centel	289	500	630	237
Centerre Bancorp	699	630	688	57
Centex	266	151	269	202
Central & South West	442	550	769	90
Central Illinois Lt	607	532	684	90
Central Ill Pub Svc	600	696	753	90
Central Soya	780	739	800	206
Central Steel & Wire	630	575	441	154
CertainTeed	936	923	761	199
Cessna Aircraft	761	796	766	144
CFS Continental	590	308	83	226
Champion Intl	830	834	840	170, 199
Champion Spark Plug	800	840	883	99
Charter	16	62	428	74
Chase Manhattan	513	235	621	57
Chemical New York	481	366	522	57
Chesebrough-Pond's	142	300	540	220
Chic & North Western	347	448	13	148
Chic Pneumatic Tool	944	925	955	194
Chromalloy American	917	911	946	244
Chrysler	995	979	[illegible]	109
Chubb	383	251	[illegible]	63
CIGNA	**	660	**	63
Cincinnati G & E	600	686	954	90

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Cincinnati Milacron	436	206	236	194
Circle K	312	528	184	228
Citicorp	418	433	651	57
Citizens & Sthrn Ga	399	26	241	57
City Federal S & L	781	373	89	60
City Investing	596	451	282	63, 244
Clark Equipment	919	915	909	109, 190
Cleveland Elec Illum	568	719	852	90
Clorox	263	445	305	204
Cluett, Peabody	750	258	273	217
CNA Financial	271	4	374	63
Coastal Corp	549	705	708	74
Coca-Cola	123	438	777	211
Cole National	156	169	43	231
Coleco Industries	4	**	8	235
Colgate-Palmolive	502	709	698	204, 220
Collins & Aikman	698	604	74	217
Colonial Penn Group	706	842	899	63
Colt Industries	775	854	257	154
Columbia Gas System	550	560	775	78
Combined Internatl	221	488	322	63
Combustion Eng	202	194	431	194
Comdisco	11	18	46	183
Comerica	704	664	834	57
Commercial Metals	490	472	94	154
Commonwealth Edison	654	720	866	90
Commonwealth Energy	523	558	708	90
Computer Sciences	95	250	650	144, 183
ConAgra	85	51	76	206, 208
Cone Mills	718	716	243	217
Consolidated Edison	580	450	379	90
Consolidated Foods	305	247	386	208
Consol Freightways	225	399	268	104
Consol Natural Gas	524	464	529	78
Consolidated Papers	258	311	535	170
Consumers Power	689	713	940	90
Continental Corp	801	756	832	63
Continental Group	633	531	479	224
Continental Illinois	660	655	934	57
Continental Telecom	478	554	610	237
Control Data	735	84	249	55, 180
Cook United	956	979	831	231
Cooper Industries	274	352	682	194
Adolph Coors	803	747	612	211
Copperweld	863	865	715	154
Corestates Financial	527	377	382	57
Corning Glass Works	687	606	760	176, 244
Cox Communications	204	141	190	240
CPC International	238	382	598	208
Crane	856	868	802	154, 199
Crocker National	683	591	815	57
Cross & Trecker	200	98	851	194
Crown Central Petroleum	403	413	365	74
Crown Cork & Seal	662	575	778	224
Crown Zellerbach	899	892	846	170
CSX	779	420	599	148
Culbro	325	152	107	222
Cullum Companies	137	69	289	228
Cummins Engine	879	861	318	99
Curtice-Burns	268	405	145	208
Cyclops	910	880	520	154
Dana	704	776	670	99
Dart & Kraft	457	510	647	208

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Data General	560	474	813	180
Datapoint	417	181	631	180
Dayco	867	855	755	99, 194
Dayton-Hudson	290	461	106	231
Dayton Power & Light	608	657	911	90
Dean Foods	102	119	60	208
Deere	826	835	875	109
DEKALB AgResearch	748	765	889	206
Delmarva Power & Lt	636	661	706	90
Delta Air Lines	829	823	471	139
Deluxe Check Printers	41	166	247	242
Dennison Mfg	491	527	323	194
Denny's	306	435	383	231
DeSoto	721	477	260	199
Detroit Edison	721	707	837	90
Dexter	299	396	521	173
Di Giorgio	838	267	824	208, 226
Diamond Shamrock	602	830	824	74, 173
Dibrell Brothers	427	257	161	226
Digital Equipment	397	119	772	180
Dillard Dept Stores	440	201	27	231
Walt Disney	726	482	787	235
Diversified Energies	422	504	562	78
Dr Pepper	225	674	849	211
Dominion Resources	755	757	848	90
Donaldson, Lufkin	577	**	95	71
R R Donnelley & Sons	350	270	178	242
Dorchester Gas	77	132	280	74
Dorsey	765	588	203	224
Dover	72	148	194	199
Dow Chemical	556	785	741	173
Dow Jones	29	175	44	242
Dravo	918	906	948	202
Dresser Industries	581	654	874	84
E I du Pont	559	495	785	74, 173
Duke Power	543	506	754	[illegible]
Dun & Bradstreet	32	167	144	242
Duquesne Light	715	777	856	99
Dynalectron	381	31	137	202
E-Systems	247	326	24	144
Eagle-Picher Inds	783	807	830	194
Easco	709	795	491	99
Eastern Air Lines	982	925	949	139
Eastern Gas & Fuel	621	659	594	74
Eastman Kodak	267	452	794	235
Eaton	887	885	352	99
Echlin	626	680	679	99
Jack Eckerd	330	368	590	231
Economics Laboratory	645	726	729	204
Edison Bros Stores	332	593	705	231
EG&G	37	71	85	176
El Paso	844	900	633	78
Electronic Data Systems	63	183	22	183
Emerson Electric	150	305	519	197
Emery Air Freight	61	710	751	139
Emhart	378	578	661	194
Engelhard	213	269	**	160
ENSERCH	285	378	408	78
Entex	118	249	620	78
Equifax	188	555	218	242
Equitable of Iowa	795	620	782	63
Esmark	73	106	61	208, 244
Ethyl	506	645	302	173
Evans Products	952	925	938	199
Ex-Cell-O	537	412	421	194
Exxon	190	298	640	74
Fairchild Industries	125	53	438	144
Farm House Foods	736	819	193	226
Farmers Group	258	244	542	63
Federal Co	615	711	743	208
Federal Express	22	15	37	139
Federal-Mogul	374	382	304	99
Fedl Natl Mortgage	946	925	655	55
Federal Paper Board	581	640	585	170
Federated Dept Stores	518	503	506	231
Ferro	703	735	666	173
Fidelcor	630	160	180	57
Fieldcrest Mills	747	673	655	217
Figgie Intl Holding	393	240	378	244
Fin Corp of America	8	13	9	60
Firestone	915	863	507	99
First Atlanta	344	127	134	57
First Bank System	497	439	676	57
First Boston	51	33	40	71
First Chicago	784	755	796	57
First City Bancorp	358	311	868	57
First Executive	70	3	2	63
First Interstate Bancp	425	283	524	57
First Natl State Bcp	447	344	447	57
First Natl Supermkts	317	309	459	228
First Pennsylvania	974	925	964	57
First Security	360	426	717	57
First Union	350	150	225	57
First Wisconsin	577	158	508	57
Fischbach	349	324	410	202
Fisher Foods	839	852	858	228
Fleet Financial	301	138	211	57
Fleetwood Enterprises	690	586	42	235
Fleming Cos	272	367	150	226
Flickinger	375	307	172	226
Florida Power & Lt	621	598	602	90
Florida Progress	658	703	692	90
Flowers Industries	234	313	119	208
Fluor	262	334	604	202
FMC	617	533	500	144, 173, 244
Food Lion	30	49	51	228
Foodarama Supermkts	921	908	576	228
Ford Motor	951	925	648	109
Fort Howard Paper	82	223	221	170
L B Foster	12	922	**	84
Foster Wheeler	142	178	391	194
Foxboro	693	642	654	194
Frederick & Herrud	577	454	388	206
Freeport-McMoran	79	118	290	173
Fremont General	100	424	301	63
Frontier Holdings	526	649	857	139
Fruehauf	901	888	554	109
Fuqua Industries	253	22	41	244
GAF	965	925	686	173, 199
Gannett	138	234	372	242
Gas Service	848	806	872	78
Gates Learjet	448	556	615	144
GATX	744	545	770	190
GEICO	14	**	17	63
Gelco	287	306	873	194
General Cinema	39	76	62	211, 235

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
General Dynamics	223	68	135	144
General Electric	178	352	317	197, 204, 244
General Foods	362	463	629	208
General Host	539	**	63	231
General Instrument	211	43	133	176
General Mills	219	275	474	208
General Motors	860	874	697	109
General Public Utils	912	898	970	90
General Re	134	101	213	63
General Refractories	985	925	900	194
General Signal	448	331	472	194
Genl Tire & Rubber	871	847	614	99, 144
Genesco	900	**	358	217, 231
Genuine Parts	181	317	560	99
Geo International	161	644	**	84
Georgia-Pacific	816	831	886	170, 199
Gerber Products	405	473	340	208
Getty Oil	282	173	448	74
Giant Food	207	163	67	228
Gibraltar Financial	953	925	842	60
Gifford-Hill	811	769	730	199
Gillette	245	487	465	220
Glendale Federal S&L	**	914	**	60
Global Marine	42	6	233	84
Godfrey	713	733	758	228
Golden West Finl	481	753	197	60
B F Goodrich	903	846	504	99
Goodyear	808	700	417	99
Gordon Jewelry	519	354	355	231
Gould	720	818	836	176
W R Grace	451	564	530	173, 244
W W Grainger	298	325	495	197
Graniteville	947	925	632	217
Great Atl & Pac Tea	969	979	437	228
Gt Northern Nekoosa	596	552	528	170
Gt Western Financial	916	902	724	60
Greyhound	533	441	405	104, 206
Grumman	778	828	124	144
GTE	505	623	579	176, 237
Gulf & Western Inds	750	802	311	244
Gulf Oil	602	514	498	74
Gulf Resources & Chem	958	925	484	74, 173
Gulf States Utils	556	637	788	90
Gulf United	433	303	327	63
Gulfstream Aerospace	**	**	**	144
Halliburton	260	400	833	84
Hammermill Paper	738	648	399	170
Handy & Harman	342	543	345	160
Hanna Mining	925	915	947	154
Hannaford Bros	215	264	77	228
Hanover Insurance	303	140	136	63
Harcourt Brace Jovan	555	559	501	242
Harnischfeger	977	925	961	190
Harris Bankcorp	791	750	251	57
Harris Corp	304	180	756	176, 197
Harsco	576	683	556	194
Hartmarx	664	226	84	217
Harvey Hubbell	323	347	278	197
Hawaiian Electric	776	712	785	90
Heck's	480	428	324	231
G Heileman Brewing	31	46	20	211
H J Heinz	231	201	263	208
Walter E Heller Intl	868	851	485	55
Hercules	609	455	328	173
Hershey Foods	215	286	182	208
Hewlett-Packard	202	102	167	176, 180
Hilton Hotels	96	111	259	235
Holiday Inns	630	330	166	235
Holly Corp	351	447	792	74
Home Federal S&L-Cal	**	925	**	60
Honeywell	509	229	476	176, 180
Hoover	846	731	293	204
Hoover Universal	591	753	534	99
George A Hormel	514	410	319	206
Hospital Corp of Am	227	64	116	213
Household Intl	675	746	452	55, 231, 244
Houston Industries	616	669	819	90
Houston Natural Gas	98	238	427	78
HRT Industries	983	979	973	231
Hughes Tool	358	221	780	84
Humana	27	20	47	213
E F Hutton Group	36	40	25	71
Hyster	707	715	419	109, 190
IC Industries	827	688	510	148, 208, 244
Ideal Basic Inds	798	815	904	199
Idle Wild Foods	395	479	623	206
Illinois Power	542	687	917	90
Illinois Tool Works	319	340	339	194
Imperial Corp of Am	**	925	**	60
Inco	968	925	928	160
Indianapolis Pwr & Lt	484	538	740	90
Ingersoll-Rand	766	800	897	194
Inland Steel	942	925	937	154
Insilco	524	573	369	204
Intel	291	270	72	176
Interco	652	651	470	217
InterFirst	494	538	893	57
Interlake	853	820	515	154
IBM	99	428	567	180
Intl Flavors & Frag	144	408	789	220
Intl Harvester	987	925	972	109
Intl Minerals & Chem	440	741	457	173
Intl Multifoods	475	512	545	208
International Paper	624	632	693	170
Intl Tel & Tel	716	685	609	176, 244
InterNorth	329	498	363	78
Interpublic Group	243	434	462	242
Interstate Bakeries	961	925	712	208
Iowa-Illinois G & E	410	522	771	90
Irving Bank	467	315	511	57
IU International	147	302	303	104, 244
James River Corp Va	59	45	70	170
Jefferson-Pilot	650	507	763	63
Jerrico	294	159	98	231
Jewel Cos	333	207	306	228
Jim Walter	824	832	742	199
Johnson & Johnson	201	275	503	213
Johnson Controls	481	355	571	99, 197
Jonathan Logan	940	925	286	217
Earle M Jorgensen	541	626	458	154
Joy Manufacturing	575	582	605	190
K mart	606	657	546	231
Kaiser Alum & Chem	874	858	869	160
Kaiser Steel	957	925	337	154
Kane-Miller	920	899	212	208
Kaneb Services	124	436	810	84

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Kansas City Pwr & Lt	583	615	749	90
Kansas Power & Light	509	607	607	90
Kaufman & Broad	927	838	482	202
Kay	547	541	699	206
Kellogg	49	375	561	208
Kellwood	861	841	461	217
Kelly Services	78	162	147	183
Kemper	377	288	478	63
Kentucky Utilities	734	749	750	90
Kerr Glass Mfg	930	921	662	224
Kerr-McGee	528	497	784	74
Keystone Consolidated	967	925	818	154
Kidde	488	360	424	244
Kimberly-Clark	285	319	329	170, 220
King Kullen Grocery	812	613	370	228
KN Energy	301	570	222	78
Knight-Ridder News	372	278	297	242
Koppers	885	882	914	244
Kroger	391	282	373	228
Laclede Gas	584	511	580	78
Lear Siegler	129	222	313	99, 144, 244
Leaseway Transportation	327	578	531	104
Levi Strauss	81	254	300	217
Levitz Furniture	702	360	71	231
Libbey-Owens-Ford	882	866	538	99
Life Investors	639	274	176	63
Eli Lilly	130	387	702	215
Limited	25	50	7	231
Lincoln National	696	483	502	63
Liquid Air	679	764	932	173
Litton Industries	76	**	139	244
Lockheed	57	881	35	144
Loews	117	108	103	63, 222
Lone Star Industries	823	758	801	199
Long Island Lighting	546	725	926	90
Longs Drug Stores	235	384	578	231
Longview Fibre	851	857	870	170
Louisiana Land	193	599	**	74
Louisiana-Pacific	864	826	595	170, 199
Louisville Gas & Elec	710	752	829	90
M Lowenstein	862	8	110	217
Lowe's Companies	468	631	154	226
LTV	769	533	325	154
Lubrizol	169	519	866	173
Lucky Stores	130	496	797	228
Lukens	928	913	936	154
M/A-Com	270	75	101	176
Mack Truck	938	925	**	109
Macmillan	893	891	170	242
R H Macy	195	104	26	231
Magic Chef	733	356	123	204
Malone & Hyde	308	428	349	226
Manhattan Industries	869	786	186	217
Manufacturers Hanover	491	491	816	57
Manufacturers National	755	744	680	57
Manville	909	895	963	199
MAPCO	235	702	930	74
Marine Midland Banks	761	176	603	57
Marion	962	925	971	74
Marriott	151	60	48	231, 235
Marsh & McLennan Cos	52	328	622	55
Marsh Supermarkets	402	369	341	228
Martin Marietta	282	321	240	144, 244

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Maryland National	530	376	380	57
Masco	136	296	175	199
Masonite	**	901	**	199
Massey-Ferguson	994	925	956	109
Mattel	963	925	931	235
May Dept Stores	493	507	335	231
Maytag	87	580	387	204
MCA	367	518	492	235
McCormick	401	388	446	208
McDermott Intl	815	849	843	84, 194
McDonald's	111	165	309	231
McDonnell Douglas	626	407	505	144
McGraw-Edison	701	634	652	197
McGraw-Hill	120	186	129	242
MCI Communications	35	**	5	237
McKesson	432	585	368	226
McLean Industries	342	1	**	104
Mead	830	850	613	170
Mei	43	57	31	211
Mellon National	587	349	588	57
Melville	71	214	255	217, 231
Mercantile Bancorp	419	408	649	57
Mercantile Stores	394	293	128	231
Mercantile Texas	183	211	332	57
Merck	110	427	678	215
Meredith	251	172	99	242
Merrill Lynch	107	66	78	71
Metromedia	2	19	79	240
MGM Grand Hotels	164	596	623	235
MGM/UA Entertainment	521	652	691	235
Michigan National	752	761	882	57
MidCon	556	626	**	78
Middle South Utils	641	727	880	90
Midland-Ross	834	815	845	194
Midlantic Banks	145	85	353	57
Milton Bradley	544	460	877	235
Minn Mining & Mfg	149	373	733	244
Mission Insurance	60	63	400	63
Mitchell Energy & Dev	19	55	66	74
Mobil	317	251	563	74
Mohasco	924	896	389	204
Monfort of Colorado	613	155	265	206
Monsanto	739	781	334	173
Montana Power	563	584	710	90
Moore Corp	346	537	586	183
Moore McCormack Res	721	742	817	199
J P Morgan	414	385	638	57
Morrison-Knudsen	407	213	215	202
Morse Shoe	686	698	407	231
Morton Thiokol	166	59	238	144, 173
Motorola	456	321	149	176
Mountain Fuel Supply	458	530	473	78
Munford	690	130	151	228
G C Murphy	840	633	191	231
Murphy Oil	121	82	398	74
Nabisco Brands	239	321	**	208
Nalco Chemical	92	358	331	173
Nash Finch	501	625	523	226
Nashua	935	919	864	183
National Can	629	401	725	224
National City	609	668	876	57
Natl Convenience Stores	53	78	54	228
National Distillers	769	797	713	173, 211, 244

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
National Fuel Gas	661	500	716	78
National Gypsum	742	586	371	199
National Intergroup	964	925	892	154
Natl Medical Entrprs	163	38	58	213
Natl Semiconductor	488	568	127	176
National Svc Inds	190	212	143	173, 194, 197
National-Standard	933	918	903	154
NBD Bancorp	682	572	694	57
NCNB	382	209	402	57
NCR	484	404	360	180
New England Electric	426	443	443	90
N Y State Elec & Gas	540	602	811	90
New York Times	232	161	169	242
Newmont Mining	487	192	312	160
Niagara Mohawk Power	563	617	774	90
NICOR	653	730	879	78
A C Nielsen	153	227	207	242
NIKE	3	9	548	217
NL Industries	461	452	592	84
Nordstrom	279	199	125	231
Norfolk Southern	530	287	**	148
North American Coal	438	417	429	74
North Amer Philips	585	459	183	176
Northeast Utilities	665	704	664	90
No Indiana Pub Svc	817	838	910	78, 90
No States Power	475	521	596	90
Northern Trust	758	672	646	57
Northrop	506	677	299	144
Northwest Airlines	911	883	582	139
Northwest Energy	445	485	96	78
Northwest Industries	140	284	639	154, 244
Northwestern Steel	884	876	933	154
Norton	588	536	707	194
Norwest	605	547	731	57
Nucor	83	145	146	154
NVF	972	925	762	154
Oak Industries	905	925	944	176, 240
Occidental Petroleum	56	315	618	74
Ogden	516	677	625	244
Ohio Casualty	242	288	517	63
Ohio Edison	672	744	894	90
Oklahoma Gas & Elec	638	733	795	90
Old Republic Intl	189	203	409	63
Olin	833	775	593	173, 244
Oneok	353	610	673	78
Orange & Rockland	573	552	701	90
Outboard Marine	842	759	239	235
Owens-Corning Fbrgls	807	814	711	199
Owens-Illinois	814	728	463	224
Oxford Industries	397	200	16	217
Pabst Brewing	**	**	**	211
PACCAR	454	548	316	109
Pac Gamble Robinson	805	803	822	226
Pacific Gas & Elec	588	609	690	90
Pacific Lighting	468	364	597	78
Pacific Pwr & Lt	573	647	799	90
Pacific Resources	369	341	537	74
Paine Webber	254	314	29	71
Palm Beach	251	475	550	217
Pan Am World Airways	981	925	820	139
Panhandle Eastern	263	360	493	78
Pantry Pride	998	979	171	228
Parker Drilling	224	266	916	84

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Parker-Hannifin	430	542	455	194
Parker Pen	697	784	552	183
Parsons	53	147	56	202
Pay Less Drug NW	162	190	109	231
Payless Cashways	176	136	87	231
Pay'n Save	569	634	341	231
Peabody Intl	922	910	**	194
Penn Central	710	100	117	244
Penn Traffic	649	683	636	228
J C Penney	667	595	403	231
Penn Power & Light	634	736	824	90
Pennwalt	801	801	736	173
Pennzoil	69	337	616	74
Peoples Drug Stores	363	86	80	231
Peoples Energy	503	691	**	78
PepsiCo	265	481	674	211
Perini	550	131	111	202
Perkin-Elmer	312	168	456	176
Petrie Stores	133	566	838	231
Petrolane	237	475	469	84
Pettibone	986	925	966	190
Pfizer	291	414	294	215
Phelps Dodge	914	862	835	160
PHH Group	88	112	112	194
Phibro-Salomon	15	47	**	226
Phila Electric	671	682	890	90
Philip Morris	88	171	436	222
Phillips Petroleum	275	380	878	74
Phillips-Van Heusen	809	44	223	217
Piedmont Aviation	155	285	91	139
Pillsbury	321	309	435	208
Pioneer	34	126	120	78
Pioneer Hi-Bred Intl	90	231	201	206
Pitney Bowes	293	346	208	183
Pittston	889	903	920	74, 231
PNC Financial	355	243	**	57
Pneumo	174	198	59	144, 228
Polaroid	890	859	950	235
Portland Genl Elec	641	689	925	90
Potlatch	804	810	806	170
Potomac Elec Power	618	573	606	90
PPG Industries	535	395	216	99, 173, 199
Primark	888	873	**	78
Procter & Gamble	206	360	773	204, 220
Provident Life & Acc	495	468	700	63
PSA	593	**	583	139
Public Service Colo	700	751	871	90
Public Service Indiana	412	564	939	90
Pub Svc Elec & Gas	676	696	779	90
Pueblo International	789	**	376	228
Puget Sound Pwr & Lt	684	768	927	90
Pulte Home	28	24	1	202
Purolator	171	277	113	99, 183
Quaker Oats	414	347	275	208
Quaker State Oil	535	670	668	74
Rainier Bancorp	553	486	607	57
Ralston Purina	462	604	344	208
Ramada Inns	955	925	765	235
Rath Packing	996	979	975	206
Raychem	321	94	298	197
Raymond Intl	774	827	477	202
Raytheon	103	177	453	144, 176, 244
RCA	757	793	757	55, 240, 244

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank			
	Profitability	Growth	Stock market	Industry survey page
Reading & Bates	227	227	375	84
Reichhold Chemicals	872	844	262	173
Republic Airlines	991	925	960	139
Republic New York	109	129	158	57
Republic Steel	949	925	839	154
RepublicBank	316	339	525	57
Research-Cottrell	822	470	912	194
Resorts Intl	113	72	619	235
Revco D S	156	154	163	231
Revere Copper	984	925	913	160
Revlon	465	611	953	220
Rexnord	819	843	907	194
R J Reynolds Inds	186	391	391	222
Reynolds Metals	883	853	841	160
Richardson-Vicks	455	398	**	215
Riegel Textile	745	728	644	217
Rite Aid	115	113	86	231
RLC	**	904	**	104
Roadway Services	166	356	230	104
Robertshaw Controls	806	617	310	197
H H Robertson	244	149	192	199
A H Robins	408	414	210	215
Rochester Gas & Elec	624	560	860	90
Rockwell Intl	257	224	141	99, 144
Rohm & Haas	486	103	104	173
Rohr Industries	357	**	549	144
Rollins	330	524	527	84, 240, 244
ROLM	10	14	50	237
Roper Corp	787	436	88	204
Rose's Stores	534	105	15	231
Royal Crown Cos	508	640	577	211
Ruddick	465	214	237	228
Ryan Homes	677	774	336	202
Ryder System	241	97	231	104
Safeco	443	333	414	63
Safeway Stores	571	666	737	228
Saga	412	391	36	231
St Paul Cos	410	403	587	63
St Regis	817	812	812	170
San Diego Gas & Elec	593	708	677	90
Sanders Associates	245	**	34	144
Santa Fe Industries	741	462	187	148
Savannah Foods	66	65	64	206
Savin	907	897	968	183
Schering-Plough	284	612	714	215
Schlumberger	23	54	514	84
SCM	792	663	442	170, 173, 199
SCOA Industries	55	88	81	217, 231
Scot Lad Foods	902	**	179	226
Scott & Fetzer	366	550	569	244
Scott Paper	752	543	377	170, 204
Scovill	740	411	653	199, 204
Seagram	565	115	115	211
G D Searle	159	189	122	215
Sears, Roebuck	764	722	404	55, 231
Seaway Food Town	396	344	494	228
Security Pacific	341	217	308	57
SEDCO	48	92	148	84
Service Merchandise	176	255	227	231
ServiceMaster Inds	13	73	118	213
Shaklee	67	229	209	213
Shawmut	693	123	277	57
Shell Oil	247	242	244	74
Sheller-Globe	877	887	198	99
Sherwin-Williams	695	143	65	199
Shopwell	799	2	102	228
Signal Cos	685	580	315	109, 244
Singer	954	979	406	144, 204
Skyline	854	799	564	235
A O Smith	923	890	575	99
Smith International	565	661	929	84
SmithKline Beckman	18	56	717	215
Snap-On Tools	132	280	497	99
Society	647	622	752	57
SONAT	208	220	381	78
Sonoco Products	338	342	131	224
So Carolina E & G	657	722	823	90
Southeast Banking	479	219	460	57
Southern Calif Edison	499	597	611	90
Southern Company	651	693	783	90
So New England Tel	618	519	385	237
Southern Pacific	737	218	198	148
Southern Union	323	469	541	78
Southland	337	245	271	228
Southwest Bancshares	437	371	566	57
Southwest Forest Inds	926	909	894	170, 199
Southwestern Pub Svc	273	639	721	90
Sperry	746	718	901	109, 144, 180
Springs Industries	796	193	281	217
Square D	178	499	496	197
Squibb	553	675	512	215
A E Staley Mfg	443	522	357	206
Stanadyne	472	591	568	194
Std Comml Tobacco	217	320	288	226
Standard Oil Calif	260	246	667	74
Standard Oil Indiana	210	290	536	74
Standard Oil Ohio	9	21	366	74
Stanley Works	538	466	464	204
State Street Boston	220	28	33	57
Stauffer Chemical	655	772	727	173
Sterling Drug	367	507	486	215
J P Stevens	908	875	659	217
Stewart & Stevenson	730	782	723	194
Stewart-Warner	836	824	635	194
Stone Container	472	549	30	224
Stop & Shop Cos	326	278	18	228
Storage Technology	160	95	906	180
Strawbridge & Clothier	716	443	126	231
Student Loan Mktg	20	11	**	55
Subaru of America	5	12	3	109
Sun Banks	511	141	346	57
Sun Chemical	392	191	307	173
Sun Company	278	350	415	74
Sundstrand	218	290	390	144, 194
Super Food Services	609	571	160	226
Super Valu Stores	58	133	90	226
Superior Oil	336	30	267	74
Supermarkets General	152	116	132	228
Swift Independent	45	**	**	206
Sybron	906	893	790	213, 244
Sysco	204	127	39	226
Talley Industries	959	925	885	204
Tandy	7	29	55	231, 235
TECO Energy	499	535	696	90
Tecumseh Products	383	529	627	194
Tektronix	354	256	547	176

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

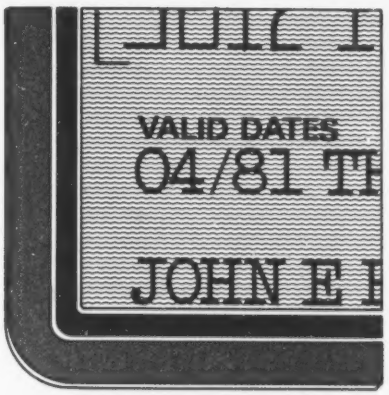
Company	Rank: Profitability	Growth	Stock market	Industry survey page
Teledyne	65	77	152	63, 244
Tenneco	372	608	763	74, 78
Tesoro Petroleum	46	91	467	74
Texaco	429	337	658	74
Texas Air	990	979	969	139
Texas American Bshs	439	372	440	57
Texas Commerce Bshs	146	146	333	57
Texas Eastern	333	439	509	78
Texas Instruments	754	790	565	176
Texas Oil & Gas	24	42	28	74
Texas Utilities	440	505	695	90
Textron	749	787	748	144, 244
Thriftimart	643	25	173	228
Thrifty Corp	376	164	279	231
Tidewater	221	457	637	84
Tiger International	980	925	977	139, 190
Time Inc	634	545	206	242
Times Mirror	249	327	246	242
Timken	847	825	828	194
Todd Shipyards	38	**	162	144
Toledo Edison	647	767	918	90
Torchmark	602	458	448	63
Toro	941	925	958	204
Tosco	44	925	894	74
Toys "R" Us	68	32	4	231
Trane	667	420	354	199
Trans World	943	925	488	139
Transamerica	409	294	533	55
Transco Energy	254	179	539	78
Transway Intl	669	783	573	104
Travelers	521	359	439	63
Tribune	678	813	**	242
Trinity Industries	86	182	92	194
Trust Co of Georgia	112	39	93	57
TRW	315	514	384	99, 176, 244
Turner Construction	75	107	219	202
Tyco Laboratories	62	114	156	197, 224
Tyler	371	628	526	194
Tyson Foods	453	393	283	206
UAL	948	925	847	139
UGI	742	705	865	78
UMC Industries	845	837	853	194
Union Camp	431	600	600	170
Union Carbide	707	748	444	173, 244
Union Electric	562	653	859	90
Union Pacific	570	292	395	74, 148
Uniroyal	945	925	228	99
United Brands	976	925	481	208
United Energy Resources	94	156	645	78
United Illuminating	423	636	855	90
United Merch & Mfrs	978	979	553	217
U S Bancorp	414	420	681	57
United States Gypsum	586	425	445	199
U S Home	516	195	140	202
U S Industries	913	859	393	244
United States Shoe	170	187	57	217
United States Steel	934	917	768	74, 154
United Technologies	369	471	543	144, 244
United Telecom	340	588	776	237
United Virginia Bshs	348	184	258	57
Univar	458	479	164	226
Universal Foods	365	556	804	208
Universal Leaf	233	261	362	226

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Unocal	213	260	397	74
Upjohn	230	351	814	215
USAir Group	154	58	82	139
USF&G	352	428	467	63
USLIFE	528	517	671	63
Utah Power & Light	656	675	745	90
Valero Energy	108	10	532	78
Valley National	364	273	584	57
Varian Associates	813	446	21	176
VF	47	74	23	217
Vulcan Materials	250	397	350	173, 199
Wachovia	460	343	232	57
Wal-Mart Stores	26	27	6	231
Waldbaum	389	210	100	228
Walgreen	156	80	38	231
Wang Laboratories	33	16	12	180
Warnaco	240	**	32	217
Warner Communications	275	455	628	235
Warner-Lambert	692	817	809	215
Washington Gas Light	729	583	728	78
Washington National	725	590	675	63
Washington Post	122	263	196	242
Waste Management	105	37	73	194
Del E Webb	904	870	672	202, 235
Weis Markets	168	225	235	228
Wells Fargo	520	432	722	57
Wendy's International	74	79	423	231
West Point-Pepperell	646	466	185	217
Western Air Lines	989	925	962	139
Western Co No Amer	101	124	295	84
Western Union	873	667	320	237
Westinghouse Electric	424	232	205	197, 244
Westmoreland Coal	937	924	915	74
Westvaco	620	594	401	170
Wetterau	599	717	559	226
Weyerhaeuser	768	804	703	170, 199
Wheeling-Pitts Steel	960	925	341	154
Whirlpool	307	365	287	204
White Consolidated	679	780	274	204
Whittaker	208	35	261	213, 244
Wickes Cos	993	925	967	231
WICOR	772	763	854	78
Willamette Inds	767	811	767	170, 199
Williams Cos	797	789	513	173
H J Wilson	658	670	617	231
Wilson Foods	970	925	**	206
Winn-Dixie Stores	183	405	490	228
Wisconsin Elec Power	547	490	626	90
Wisconsin Pwr & Lt	462	493	663	90
Wisconsin Public Svc	503	516	589	90
Witco Chemical	405	477	266	173
Wometco Enterprises	400	389	52	211, 240
F W Woolworth	893	884	451	231
Worthington Inds	50	125	418	154
Wm Wrigley Jr	450	642	643	208
Wyman-Gordon	193	238	245	144
Xerox	435	577	921	183
Yellow Freight System	763	845	330	104
Zale	773	638	416	231
Zapata	297	87	577	84
Zayre	552	90	10	231
Zenith Radio	897	856	276	204
Zurn Industries	339	248	420	194

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

The industry continues in the throes of horizontal integration and consolidation. But if no upward spike in interest rates occurs, 1984 could be a very good year.

Financial services



By Thomas O'Donnell

COMPANIES ARE SO BUSY entering and leaving the financial services industry that it's getting hard to keep track of the players.

Some who have already jumped in are manufacturers like Control Data and National Steel. They usually hope to smooth out cyclical earnings through financial subsidiaries that make money when the basic businesses are flat or down. Others, like Sears, Roebuck and American Express, are going all out to turn themselves into financial supermarkets.

One that is getting out wants to stick to its basic business: RCA is selling almost all its C.I.T. Financial Corp. to Manufacturers Hanover Trust for $1.5 billion. Other departures have been prompted by too-aggressive tactics or competition from giant competitors. Falling into the too-aggressive category, to put it politely, is Baldwin-United, which filed under Chapter 11 in late 1983 amid disclosures of misleading accounting practices and shell-game shenanigans first made public in FORBES *(Dec. 20, 1982)*. Increased competition did in Walter E. Heller International *(see box p. 56)*, which decided in September to liquidate itself and distribute the proceeds among shareholders.

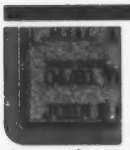
Clearly, it now takes significant size to compete effectively in financial services. The deregulation of the late 1970s, opening the way for any company other than a commercial bank to play the game, has rapidly transformed the scale and sophistication needed to do well in what only yesterday had been a cottage industry. Life was simpler when the industry still called itself consumer finance. Its customers generally could not get financing elsewhere and therefore were willing to borrow money at rates that sometimes approached 30%. As long as defaults were kept under control, bottom lines were as fat as the spread between what the companies paid for money and what they charged for it.

Financial services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Student Loan Marketing	1	34.7%	43.4%	57.6	8	8.3%††	6.2%	6.8%	1	64.6%‡‡	1	66.9%‡‡
Marsh & McLennan Cos	2	27.6	26.2	0.2	1	27.0	23.4	12.8	7	17.4	6	12.6
Alexander & Alexander	3	22.6	def	0.6	2	25.0	0.5	def	4	21.5	7	4.0
American Express	4	20.7	21.6	0.6	3	17.3	15.9	7.3	6	18.3	3	14.6
Alleghany	5	16.1	13.0	0.0	4	13.2	10.9	4.1	3	40.9	4	14.2
Transamerica	6	15.6	12.5	1.3	5	9.9	7.3	4.6	11	8.9	5	13.5
Avco	7	11.8	7.1	2.3	11	6.5	6.3	2.7	10	10.1	10	–0.6
Household Intl	8	11.8	13.5	2.1	10	6.8	7.3	2.5	8	14.1	9	0.9
Control Data	9	10.5	8.8	2.0	9	6.9	6.3	3.5	9	13.4	2	23.7
RCA	10	10.1	8.4	0.8	7	9.0	7.8	2.5	12	8.2	11	–2.2
Sears, Roebuck	11	9.9	13.3	0.6	6	9.2	10.9	3.5	13	6.9	8	1.8
Walter E Heller Intl	12	6.4	def	2.0	13	6.1	3.5	**		**	12	–9.3
Beneficial Corp	13	4.1	9.1	4.0	15	5.1	5.9	3.8	14	5.8	13	–19.2
Fedl Natl Mortgage	14	def	5.1	50.6	14	5.3	5.5	0.7	5	18.4	14	P–D
Baldwin-United	15	def	def	1.7	12	6.4	def	def	2	58.8	14	P–D
Industry medians		11.8	9.1	1.7		8.3	6.3	3.5		15.8		1.8
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡‡Three-year growth. P-D: profit to deficit. def: deficit. **Not available; not ranked.



Today's financial services companies are still in that game. Indeed some, having been burned by attempts at diversification, are sticking closer to home. Beneficial Corp. still sells insurance and auto parts as well, but in 1982 it got rid of Spiegel, Inc., its lackluster mail order subsidiary. In 1983 it moved deeper into financial service businesses by acquiring the $11 million credit card portfolio of a Beverly Hills bank and the $13 million portfolio of a Reno bank. It also formed Beneficial National Mortgage Corp. to strengthen its presence in the first mortgage business. Similarly, Household International, the parent of Household Finance, today runs retail chains like Vons supermarkets, Ben Franklin variety stores and American Furniture, in addition to manufacturing subsidiaries and an auto leasing company. But it wants to enhance financial services of all types. So in early 1983 the Prospect Heights, Ill.-based company backed out of a brief flirtation with air travel, by selling its Wien Air Alaska unit. Household is considering converting many of its 1,150 offices in 46 states into a national banking network when interstate banking is allowed by law. To test the idea, Household plans in early 1984 to convert a half-dozen HFC offices in southern California into consumer banks.

The $9 billion (assets) Student Loan Marketing Association, a newcomer to the FORBES rankings, and leading all the rest in return on equity, is also expanding its financial services, although it plans to stick mostly to the education credit market. In September Sallie Mae announced its first public stock offering and two months later announced plans to buy the Providence Savings & Loan Association in Virginia. "In this business our size ranks us as a boutique," says President Edward Fox. "We need time to grow, and this was a logical step."

Still another company that became more deeply involved with financial services in 1983 was Alleghany Corp., the old-line holding company. In 1983 Alleghany's Investors Diversified Services bought Gray Siefert & Co., an investment firm with $150 million under management. But IDS, the giant provider of mutual funds and insurance policies, with a powerful sales force now numbering 4,500, most of them in the field, was then sold to American Express. It was another instance of the increasing consolidation of the industry as two companies with obviously complementary distribution systems and product lines joined forces. The deal should be consummated early this year.

No one has assembled a more complete financial supermarket than American Express. Having digested its 1981 acquisition of Shearson and its 260 branches, it also acquired through Shearson two small brokerage firms in 1983: San Francisco-based Davis Skaggs & Co. and Omaha-based Childs, Heider. "Our objective is to provide the widest variety of financial services available from any single source," says Chairman James Robinson III.

Amex' closest rival is Sears, which in addition to being a financial supermarket is, of course, the nation's largest retailer. But Sears has no reason to concentrate solely on financial services. By the third quarter of 1983 its financial services earnings were up around 25%, but retail earnings were up much more, over 150%.

Add to all this activity the diversification of conglomerates such as Transamerica, and it's obvious that the financial services free-for-all, heated as it has been up to now, is hardly over. The competition has already added to the drop in the commercial banks' share of financial assets, from over 60% in the 1940s to less than 40% today.

As for insurance brokerage firms, some moved to strengthen themselves by making acquisitions and pruning costly units. Marsh & McLennan Cos. has been able to maintain its league-leading profitability rankings and also dump its underwriting activity, including English & American Insurance Co., the American Overseas Group and a 75% stake in Crusader Insurance—businesses with a combined premium volume of over $200 million.

In contrast, luckless Alexander & Alexander was forced to cut its dividend by 48% in early 1983, following a $40 million writedown and $26 million loss resulting from its purchase of the Alexander Howden Group. Financial irregularities were found at the large British insurance broker, which was purchased in 1982.

One insurance-oriented company that should do better in 1984 is Avco. The insurance operation may benefit from a decline in interest rates, while its extensive aerospace operations should benefit from its booming defense work.

The companies likely to benefit most from falling rates, of course, are those that derive most or all of their earnings from financial services. Included in this category are companies such as Sallie Mae or the much larger Federal National Mortgage Association. The $75 billion (assets) Fannie Mae got back into the black in 1983 following two tough years of red ink. Now that Fannie Mae, the nation's largest mortgage lender, has some breathing room, the company is acquiring adjustable rate mortgages and lengthening the maturity of its debt.

But, of course, that's the trick in this business: how best to protect yourself from rises in interest rates and declines in consumer spending. Recently it has been a boom-or-bust business. As for this election year, because interest rates are unlikely to leap and households are likely to continue to spend, 1984 could turn out to be one of the best years ever. ■

Bye, bye, Walter

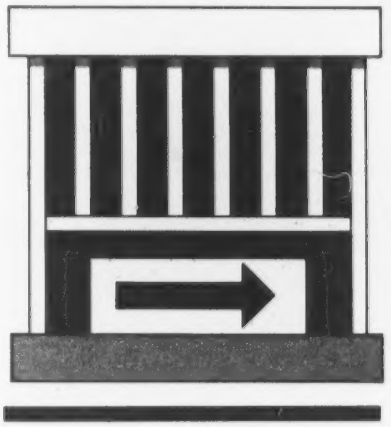
There's not much mystery about why Walter E. Heller International met a slow death in 1983. The Chicago-based, highly diversified financial services company just wasn't as good at raising money as the giant banks and near-banks with whom it was increasingly competing.

Interest rate volatility and the inability of its mostly small corporate clientele to repay debts during the downturn squeezed earnings badly. In the first six months earnings fell to $4.4 million on revenues of $120.7 million, vs. $16.3 million on revenues of $150.3 million in 1982. Heller was forced initially into partial liquidation. Early in the year the company agreed to sell its two factoring subsidiaries, Walter E. Heller & Co. and Walter E. Heller Overseas Corp., to The Fuji Bank, Ltd. for $425 million. Late in the year it agreed to sell its third major unit, American National Corp., to First Chicago Corp. for $275 million.

With everybody from can companies to Xerox crowding into financial services, Heller's demise may be the harbinger of more to come. But nobody seems to notice. The lemmings press on.—T.O.

Bank bashing could be in favor in Washington and in the hustings. After all, somebody has to be the scapegoat for high interest rates.

Banks



By Thomas O'Donnell

NINETEEN-EIGHTY-FOUR is an election year, and bank bashing makes for good politics. You can make them take the rap for high interest rates, thus diverting the blame from Congress, whose refusal to cut spending is the real villain. You can tar them for those shaky foreign and domestic loans, too. Of the two issues, the second certainly has a fair validity.

In lending far too much to foreign nations and to energy-related borrowers, the banks ignored a couple of basics. Basic number one: Foreign governments can and do default. Basic number two: Just because oil prices have risen for a long time doesn't mean they will rise forever.

In mid-1982 falling oil prices led to the collapse of the Penn Square Bank of Oklahoma City. Since then other banks have posted Alaska-size losses on energy loans. In the third quarter Seattle's Seafirst reported staggering

Banks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
New York banks												
Republic New York	1	22.8%	18.6%	0.6	1	15.6%	13.6%	8.0%	1	41.6%	1	20.7%
Bankers Trust NY	2	17.6	15.8	0.3	2	14.2	13.2	6.1	9	19.4	2	20.1
J P Morgan	3	15.5	15.2	0.3	3	13.9	14.1	7.6	4	22.9	7	11.2
Citicorp	4	15.5	17.1	2.2	9	10.1	9.1	5.1	5	22.9	8	9.9
Irving Bank	5	14.7	12.3	0.5	5	11.6	9.6	4.8	6	20.4	5	12.8
Bank of New York	6	14.7	16.2	0.2	4	13.5	15.2	6.3	2	27.4	9	9.8
Chemical New York	7	14.6	13.9	0.3	7	11.5	11.9	5.5	7	19.8	6	11.7
Manufacturers Hanover	8	14.5	14.0	0.7	6	11.5	9.8	5.0	3	24.4	10	8.4
Chase Manhattan	9	14.2	13.2	0.4	8	11.0	10.8	4.9	8	19.6	4	15.3
Marine Midland Banks	10	10.0	10.7	0.7	10	8.3	8.4	4.7	10	18.2	3	17.8
Medians		14.7	14.6	0.5		11.6	11.4	5.3		21.7		12.3
Regional banks												
Allied Bancshares	1	26.3%	25.3%	0.1	1	23.9%	24.1%	13.1%	2	40.2%	5	22.8%
Trust Co of Georgia	2	22.7	24.0	0.2	3	19.3	21.6	12.5	32	20.0	3	30.4
Midlantic Banks	3	21.2	21.4	0.2	9	15.2	16.3	9.4	19	22.5	4	23.5
Texas Commerce Bshs	4	21.2	20.1	0.1	2	19.8	18.6	10.7	3	30.8	11	19.5
Mercantile Texas	5	20.2	19.1	0.3	5	16.3	15.6	9.8	1	40.5	20	16.5
State Street Boston	6	19.3	17.4	0.3	12	14.4	14.4	8.0	40	19.0	2	34.9
Banc One	7	18.2	18.3	0.2	4	16.9	16.7	10.6	10	26.3	26	13.4
Bank of New England	8	17.9	16.0	0.2	16	13.6	12.9	6.2	4	30.4	18	16.7
Fleet Financial	9	17.6	18.1	1.3	36	11.6	11.3	8.8	49	17.5	9	19.9
RepublicBank	10	17.4	16.8	0.3	10	15.0	13.6	8.6	6	28.6	28	12.4
Barnett Banks Fla	11	17.0	18.8	0.3	13	14.4	16.7	8.3	11	24.6	6	21.1
Security Pacific	12	16.9	16.3	0.9	18	13.4	11.7	6.1	18	22.7	21	16.2
First Atlanta	13	16.9	19.0	0.3	19	13.2	15.1	9.1	54	15.1	8	20.7
United Virginia Bshs	14	16.7	17.6	0.3	30	12.1	14.0	9.3	53	15.6	15	17.5
First Union	15	16.7	19.1	0.3	20	13.2	16.6	8.6	21	22.2	12	19.3

Note: Explanation of Yardsticks calculations on page 58

energy-related losses, totaling $410.7 million, that drove the company into the arms of Bank of America. In August First National Bank of Midland, Tex. announced a $109 million loss and said nearly 25% of its loans, some $314 million, were nonperforming. That led to a run on the bank, which was kept alive only by an emergency $100 million loan extended by the Federal Deposit Insurance Corp. First National is now in receivership.

In October Dallas-based InterFirst, the state's largest bank holding company, reported a $194 million third-quarter loss. But the losses were not limited to the Southwest and Far West: Other major losers in the energy game were Chase Manhattan and

Banks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
PNC Financial	16	16.6%	16.8%	0.1	8	15.3%	15.1%	9.3%	12	24.5%‡	23	15.0%‡
First City Bancorp	17	16.5	9.9	0.1	7	16.0	9.6	5.5	5	29.9	27	12.9
First Security	18	16.5	15.4	0.6	32	12.0	11.2	9.7	48	17.8	38	10.0
Valley National	19	16.4	11.9	0.0	6	16.2	11.9	6.1	28	21.1	24	14.1
NCNB	20	16.0	16.8	0.5	24	12.7	13.4	7.6	17	22.8	19	16.7
CBT	21	15.9	15.2	0.3	22	12.9	11.6	7.1	41	18.9	17	16.9
Citizens & Sthrn Ga	22	15.7	16.7	0.4	14	14.4	14.1	8.4	56	13.8	1	36.9
U S Bancorp	23	15.5	10.9	0.5	33	11.9	8.8	7.6	46	18.1	37	10.1
Mercantile Bancorp	24	15.5	13.1	0.3	27	12.3	11.0	7.5	39	19.0	36	10.4
Bank of Boston	25	15.4	15.7	0.5	35	11.6	12.9	5.4	16	23.3	16	17.5
First Interstate Bancp	26	15.4	12.7	0.6	25	12.6	10.5	5.5	34	19.8	25	13.8
Southwest Bancshares	27	15.2	11.6	0.3	15	14.1	10.5	6.4	7	28.5	32	11.6
Texas American Bshs	28	15.2	12.9	0.5	17	13.5	11.2	7.3	9	27.1	33	11.5
First Natl State Bcp	29	15.1	16.6	0.2	23	12.8	15.2	8.9	37	19.3	30	12.2
Wachovia	30	14.8	16.9	0.0	11	14.6	17.1	9.7	38	19.1	29	12.2
Southeast Banking	31	14.6	12.8	0.4	39	11.3	10.8	6.7	29	20.8	22	16.2
InterFirst	32	14.5	def	0.5	26	12.4	def	def	8	28.1	42	6.9
First Bank System	33	14.4	13.9	0.5	31	12.1	11.4	6.8	23	21.6	40	9.8
Sun Banks	34	14.2	14.6	0.2	21	12.9	12.9	7.6	14	23.9	10	19.8
Wells Fargo	35	14.1	12.5	1.2	43	11.0	9.5	4.9	30	20.8	39	10.0
Corestates Financial	36	14.0	16.5	0.3	36	11.6	15.7	9.3	55	14.4	35	11.3
Maryland National	37	14.0	12.6	0.5	34	11.8	10.4	7.4	47	18.0	34	11.4
Rainier Bancorp	38	13.6	12.1	0.2	29	12.2	10.8	6.4	31	20.3	41	8.6
BankAmerica	39	13.4	7.7	0.5	40	11.3	7.7	2.8	36	19.5	47	5.3
First Wisconsin	40	13.3	12.8	0.3	42	11.0	11.5	6.3	57	13.4	13	18.8
Mellon National	41	13.2	13.0	0.5	38	11.4	12.1	6.8	25	21.4	31	12.2
Norwest	42	12.9	10.4	1.1	51	10.2	6.9	4.9	20	22.4	43	6.7
National City	43	12.8	11.9	0.2	27	12.3	10.4	7.1	22	22.1	54	3.7
Fidelcor	44	12.5	21.0	0.3	48	10.6	17.4	9.4	60	9.9	14	18.7
Society	45	12.3	12.4	0.3	41	11.1	10.7	7.3	24	21.6	49	5.1
Continental Illinois	46	12.1	6.8	0.7	49	10.6	6.5	2.6	13	24.2	51	4.0
NBD Bancorp	47	11.6	10.7	0.2	47	10.7	10.0	6.9	51	17.2	45	6.3
Crocker National	48	11.6	5.3	0.2	52	9.3	5.4	2.5	26	21.3	46	6.0
Shawmut	49	11.4	10.6	0.3	44	10.8	9.9	4.9	33	19.9	7	21.1
Centerre Bancorp	50	11.3	7.3	0.3	50	10.5	6.5	4.1	27	21.2	50	4.9
Comerica	51	11.2	10.8	0.1	45	10.8	11.1	5.9	34	19.8	52	3.8
California First Bnk	52	10.8	8.1	0.1	56	8.7	8.0	4.0	15	23.4	53	3.7
AmeriTrust	53	10.8	9.6	0.0	46	10.8	9.6	10.1	58	13.2	48	5.2
Michigan National	54	10.2	8.2	0.3	57	8.7	7.8	3.7	50	17.3	59	0.2
Manufacturers National	55	10.1	12.5	0.2	53	9.3	11.6	6.3	45	18.2	56	0.9
Northern Trust	56	10.0	6.4	0.1	54	9.2	6.2	3.1	42	18.8	55	3.6
First Chicago	57	9.4	11.6	0.5	58	8.6	9.9	4.7	44	18.6	58	0.5
Harris Bankcorp	58	9.3	8.7	0.1	55	8.8	8.2	4.2	43	18.7	57	0.7
BanCal Tri-State	59	9.2	13.7	0.3	59	7.7	11.8	6.2	59	12.9	44	6.4
BancOhio	60	6.9	4.8	0.1	60	6.8	5.2	2.9	52	16.6	60	–3.4
First Pennsylvania	61	def	def	3.6	61	def	2.7	def	61	3.5	61	P–D
Medians		14.6	12.9	0.3		12.1	11.3	6.9		20.3		12.2
Industry medians		14.7	13.2	0.3		12.0	11.3	6.7		20.4		12.2
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit.

Continental Illinois.

Further energy-related losses will occur in 1984, but the worst may be over. By contrast, there's still great concern about loans to the developing countries. These huge liabilities are more than half again as large as the total capitalization of the U.S. banking system and more than twice the capital of the nine largest U.S. banks.

This is causing some powerful critics to say that banking has become too important a matter to leave to bankers. The pickle heir, Senator John Heinz (R–Pa.), seems to think the politicians should have more say. He has introduced a bill to end the blurring of distinctions between banks, insurance companies and brokerage firms. He also is working on a bill that would put a moratorium on mergers between banks and nonbanks. How these would make for fewer problem loans is not clear, probably not even to the senator himself. The fact is that some banks do better sticking strictly to banking while others thrive in a variety of businesses. All the laws in the world won't save dumb bankers from dumb mistakes.

"We think the best business for us is basic banking, now and in the future," says John Medlin Jr., president and CEO of conservative Wachovia, representing the straight-line banking point of view. But Security Pacific Chairman Richard Flamson III takes an opposite point of view: "Our strong profit growth reflects our balanced, broadly based diversification of financial services," he says.

Senator Heinz ought to understand that either approach, if managed well, can bring success. According to the Forbes Yardsticks, Security Pacific's return on equity over the last five years has averaged 16.9%, slightly ahead of Wachovia's 14.8%. Yet Wachovia's return on total capital over the same period has been 14.6%, compared with an almost as good 13.4% at Security Pacific.

But Heinz is not alone in his desire to stop, or at least slow down, banking deregulation and subject the banks to stricter control. An Administration task force seeking ways to streamline overlapping bank regulatory agencies is making little headway. Although the current banking crisis is providing an opening to those who dislike the idea of free enterprise being really free, the trend toward deregulation will not be permanently reversed. "These attempts to reverse the trend are just a wiggle, a twist in the trail," says Edward Crutchfield Jr., president of North Carolina's First Union.

But there is no getting away from the fact that bankers have made some rotten loans and that in many cases they should have known better. As a means of making them more careful in the future, the Federal Reserve, the Federal Deposit Insurance Corp. and the Comptroller of the Currency will be establishing stricter guidelines as to when reserves must be set aside for international loans that are restructured or nonperforming. In other words, they don't want banks sweeping mistakes under the rug and hoping for the best. At the moment the individual banks have wide latitude in deciding when a loan is nonperforming. As a result, there are big variations. Some banks classify loans as nonperforming when they are in arrears for 30 days. More charitable or more hard-pressed institutions give their clients, and themselves, the full 90-day grace period allowed by law.

Banks also determine how much to set aside as reserves. Conservative banks often set aside more than their aggressive counterparts. At J.P. Morgan, for example, reserves are 1.39% of total loans. At Citicorp, by contrast, the figure is only 0.83%.

Curiously, the present problems are speeding, not slowing, the rash of mergers in banking. Why? Because bigger banks, presumably, are stronger banks. "In 1984 interstate banking will take a giant step toward reality," predicts CoreStates Financial Corp Chairman G. Morris Dorrance.

Indeed, regional banking zones in New England, the Pacific Northwest, the midatlantic, the Southeast and the Midwest may soon become a reality. A bill recently introduced by Jake Garn (R–Utah), chairman of the Senate Committee on Banking, Housing & Urban Affairs, would prohibit the 25 largest banks from merging with the largest insurance companies, securities firms, real estate companies and other financial organizations. On the other hand, it would go counter to Senator Heinz' straitjacket bill and allow banks to engage in a wide range of nonbanking financial activities. So at the moment the picture is mixed, although the long-term trend is clear: deregulation of the banking system.

None of this political back-and-forth had much effect on bank earnings last year. In early 1983 earnings at many big banks were up because margins widened as interest rates fell. Banks were also flush with funds pulled in by the new deregulated money market accounts. But as the year progressed, corporate cash flow picked up, reducing the need for costly bank borrowing. So earnings at the big commercial banks took a tumble late in the third quarter and posted a modest recovery in the fourth.

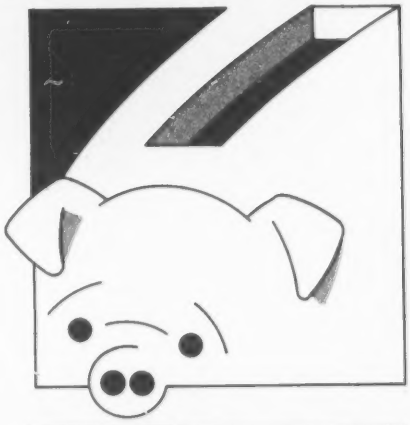
Earnings at many regional banks, by contrast, held up much better through the year-end. The outlook for regional and small banks in 1984 is even brighter because a recovery in capital spending and continued heavy consumer spending are likely to push up domestic loan volume. ■

What if the sky falls?

The numbers are enough to put the fear of God in you: Brazil owes U.S. banks some $22 billion, out of its $90 billion in total foreign debt. Argentina owes U.S. banks $8.6 billion, out of its $40 billion borrowed overseas. Data Resources, Inc. predicts serious results for the U.S. were both nations to stop making payments for a year to a year and a half: a loss of $30.2 billion from GNP and nearly 500,000 jobs, an increase of $10.2 billion in the budget deficit and an increase of 0.74% in the federal funds rate.

The problem is serious, but unlikely to come to that. In international banking the golden rule is: The bigger the problem, the less likely it will occur. And the bigger the culprit, the less likely he will be punished. That means a big bank won't go bust. It might experience big losses, however. The Fed won't do much about those, but it will find ways to keep the banks solvent. How? Bailing the banks out at discount on the bad loans would be one way. That would play hell with bank earnings but not with the economy. "Sophisticated investors are worried about earnings streams. Nobody is very worried about a big bust," says A.G. Becker Paribas analyst George Salem. A cynic might say that small lenders and small businessmen are punished for their mistakes but that the big ones get away with it. The cynics would be correct in this case.—T.O.

Thanks to Congress, thrifts are loaded with exotic new powers. So what are they doing? Writing mortgages, and loving it.



The thrifts

By Michael Cieply

REMEMBER WHEN THRIFTS were restricted by law to the mortgage business and complained bitterly of being forced to borrow short and lend long? So, in October 1982, they got their way. Congress, under the auspices of the Garn-St Germain deregulatory act, freed S&Ls to invest in such racier pursuits as equipment leasing and commercial loans. Armed to the teeth with new lending authority, S&Ls enter the year packing about $670 billion in largely deregulated deposits and not less than $2 billion in fresh stockholders' equity. To put things in perspective, that is three times the total amount of equity the industry raised between 1975 and 1982.

So, are the thrifts breathing fire? Do they stand poised to lay waste to the financial services landscape? On the contrary, most S&L executives are now purring sweetly about the rediscovered virtues of home mortgage lending.

Over 75% of thrift assets and a significant 78% of new investment remain in mortgage-related activity. S&L mortgage commitments rose more than 120%, to a record $120 billion, in 1983. All this bustle sent thrifts into the black, with $1.1 billion in first-half profits, for the first time since 1980.

That concentration on mortgages represents choice, not necessity. One indication is that Great Western, long an industry leader, recently dismantled its newly staffed commercial credit department without bothering to make a single loan. "We plan to remain housing specialists," proclaims GW's Chairman James Montgomery. The $12.5 billion (1983 deposits) Los Angeles-based thrift could post profits as high as a record $97 million in 1984 by sticking close to the mortgage business.

Even an activist like First Nationwide Financial Corp. Chairman Anthony Frank now claims the old ways are best: "Home lending has got to be the most sensational business there ever was," says Frank, whose San Francisco-based S&L is 82% owned by National Intergroup, Inc., formerly known as National Steel. "We make safe loans, they're secured, and we deal with individuals. We're wonderful institutions."

What's going on, you ask? For years the thrifts complain about being tied down to mortgage lending. Then the

The thrifts

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Fin Corp of America	1	42.8%	82.0%	0.9	1	25.3%	52.7%	9.8%	1	58.3%	1	61.2%
Golden West Finl	2	14.6	48.3	0.3	2	12.7	39.6	8.3	3	31.7	3	0.6
City Federal S & L	3	9.5	21.7	0.0	3	9.6	21.2	5.3	2	38.8‡	2	11.5‡
H F Ahmanson	4	4.2	12.6	0.2	4	4.0	11.6	4.6	9	17.9	4	–16.7
Gt Western Financial	5	2.8	5.6	0.6	5	3.9	6.1	2.7	8	19.1	5	–23.0
Gibraltar Financial	6	def	21.0	0.3	6	1.0	18.9	4.6	6	21.4	8	P–D
Imperial Corp of Am		**	def	0.8		**	def	def	10	13.4‡‡	8	P–D‡‡
Calif Federal S&L		**	**	**		**	**	6.2	5	26.0‡‡	6	–24.9‡‡
Glendale Federal S&L		**	**	**		**	**	4.3	4	26.8‡‡	7	–29.1‡‡
Home Federal S&L-Cal		**	**	**		**	**	2.8	7	20.7‡‡	8	P–D‡‡
Industry medians		6.9	21.0	0.3		6.8	18.9	4.6		23.7		–24.0
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. ‡‡Three-year growth. P–D: profit to deficit. def: deficit. **Not available; not ranked.

minute they get the right to branch out of it, they start singing the praises of mortgage lending again. Well, it's not as perverse as it might seem. What's happened is that in the interim the economics of mortgage lending have improved dramatically. Falling inflation reduced pending losses on old mortgages. Lower interest rates boosted demand sharply for new loans. Meanwhile, bloated home equity from the 1970s is finally turning liquid as the housing market improves on lower interest rates.

Look at it from the thrifts' point of view. Suppose, to be mildly optimistic, that interest rates drop a notch—say, an entirely possible 150 basis points to 12%. Say rates manage to stick at that level at least through the election. Analysts figure that could cause mortgage demand to jump another 50% this year, perhaps doubling profits for the bigger, well-managed companies in 1984.

But are thrifts merely drinking of the same poison that almost killed them in the last downturn? Not if you believe the industry mavens. "You have to understand that the economics of mortgage lending have changed radically in the last year," explains Gibraltar Financial Corp. Vice President of Corporate Development William Barger. "The AML [adjustable mortgage loan] has finally arrived."

Adjustable loans, typically guaranteeing about a 2-point spread over cost of funds, now account for a heartening 60% of new mortgage commitments by S&Ls, up from 28% as recently as July. "We've found the bells and whistles to make it attractive," says Dennis Jacobe of the U.S. League of Savings Institutions. Maybe the loudest bell is the fact that high fixed-rate interest—about 13% through most of the summer—compares unfavorably at the moment with adjustables, which go for as little as 10%.

A big player like California-based H.F. Ahmanson's Home Savings of America is pushing hard to convert its old fixed-rate portfolio to adjustables at the breakneck pace of 2.6% a month. Ahmanson hopes to have an impressive 50% of its existing loans in adjustables by next year. Great Western figures it should have 60% of its portfolio in variable rates before the end of 1984.

But not everybody has taken the

The hot money

One little-noticed thrift statistic has FHLBB Chairman Edwin Gray doing a slow burn. During the first six months of 1983, "brokered deposits" at S&Ls shot up 75%, to about $16 billion, or 3% of total deposits. That was enough to send Gray marching before Congress with a sharp complaint about "back door entry" by the cash management firms to the federal deposit insurance system.

Brokered deposits are big lumps of highly liquid money placed in banks or S&Ls by third-party intermediaries, including money funds. Handling that kind of wholesale money is hardly new for the thrifts. But deregulation allowed the depositors to collect a negotiated interest rate, and still enjoy federal deposit insurance, simply by breaking those deposits into $100,000 increments. Thus is your friendly money fund salesman able to promise that your fund shares are as safe as your S&L deposits.

FDIC Chairman William Isaac (left) *and FHLBB Chairman Edwin Gray*
A warning shot for the money brokers.

Example: Merrill Lynch has a tie-up with 12 S&Ls, which agree to take between $10 million and $1 billion each in brokered money. In this way Merrill can shoehorn as much as $1.2 million per customer into insured accounts of $100,000 or less, one insured account for each S&L in the network. Naturally, ML takes full advantage of its muscle to get the highest possible rates, while keeping the names of depositors hidden from the thrifts, so S&Ls don't shop their customer base.

Some thrifts are suspicious of this hot money. "Any broker holds the institution hostage," says one S&L chief who declined to sign on with Merrill Lynch. "One day they can tell you, 'Hey, 15% of your deposits are maturing, and instead of a 1-point fee, I need 2.' Can you afford to have those deposits withdrawn?"

Gray contends that brokered money tempts S&Ls to hype their growth and take big loan risks without bothering to beef up underlying net worth. He may have a point. In 1981-82 brokered funds were a significant factor in 35 mergers of troubled S&Ls, which relied on third-party money for as much as 70% of deposits. Moreover, Gray fears that some newly chartered thrifts will attempt to operate as "sixth-floor shops," using no conventional savings, but only federally insured brokered funds.

So far, it's all legal. "But insurance is finite," Gray angrily points out. "We can't serve as guarantors for the whole financial system." Nor should they.—M.C.

adjustable pledge. Los Angeles-based Financial Corp. of America, which has posted a 58% average revenue growth and 43% average return on equity for the last five years—in part by writing lots of high-risk loans during the downturn—is still lending heavily at fixed rates. That means $22 billion (1983 assets) FCA, the nation's largest S&L since its acquisition of Mark Taper's First Charter Financial Corp. in August, will have to sell at least $8 billion worth of loans on the secondary market in 1984, or face whiplash should rates jag upward.

Happy as they are to discover that they can make money again in their basic business, the S&Ls are not ignoring their new freedom. Not surprisingly, the S&Ls that have ventured most aggressively outside the mortgage field tend to be found where the state regulatory mood is most liberal: in Florida, Texas, Ohio, Colorado and, above all, freewheeling California, which harbors 23% of the nation's thrift assets. Since January 1983 state-chartered California S&Ls can invest up to 100% of assets in just about anything, from building apartments to owning and operating hot-dog stands. California S&L Commissioner Lawrence Taggart says he is reviewing 120 applications for new state S&Ls and claims that at least five big federal institutions, including $3.5 billion (1983 deposits) Gibraltar, are toying with conversion to the wide-open state charter.

Taggart can expect sharp opposition from far more conservative Edwin Gray, since last May chairman of the Federal Home Loan Bank Board. Gray's fear is that California-chartered gamblers might dump undue risk on the Federal Savings & Loan Insurance Corp., whose $7.5 billion trust fund supported 70 assisted mergers in what is recalled as "the holocaust" of 1981-82. Gray has a point. Why indeed should federal insurance intended for home mortgages be used to cover aircraft and hotel lending? Last year Gray delayed insurance coverage for some new California thrifts by pushing more conventional S&Ls to the top of the application pile. More recently, he posted FSLIC access rules so stringent that California might conceivably be forced to set up its own insurance system.

Meanwhile, Gray hints that, pending recommendations from a George Bush-chaired task force on the status of U.S. depository institutions, S&Ls straying too far from home lending could find themselves shunted to regulation by the less-accommodating Fed, and thus cut off from long-term FHLBB advances.

Such threats, however, do nothing to dampen the enthusiasm of David McDougall, administrative vice president of $1.2 billion (1983 deposits) Beverly Hills Savings & Loan, which has used its California-endowed powers to the hilt. "What we call 'activity income' [from new ventures] accounts for 25% of gross, and we hope to exceed that level this year," says McDougall. Since 1982 Beverly Hills has sold half its branch system, acquired a pension administration business and plunked over $200 million into direct real estate investment. Result: 1983 per share profits were up an estimated 27%, excluding extraordinary gains from asset sales in 1982.

If most S&Ls are prospering at the moment, McDougall knows the real test will come when tough times return. "Cycles are more frequent now and more severe than they used to be," he warns. "Trouble will come again. So this is the time to do lots of fixing."

That, in fact, is precisely what's happening. Prudent S&Ls are selling old loans, rigorously matching asset and liability maturities and, above all, chasing new capital in the equity markets. Led by the Philadelphia Saving Fund Society, which raised a record $394 million initial public offering in September, 60 mutual-form S&Ls and savings banks converted to public stock ownership in 1983. Conversions should work wonders for industry net worth, which declined 27%, to $24 billion, in the two-year debacle. But overall figures are cold comfort to the would-be converters caught napping when S&L stocks fell 35% from their May 1983 peak. One noteworthy laggard: New York's $6 billion (1983 deposits) Dime Savings Bank, the nation's ninth-largest thrift, which still anticipates a public offering.

Marketing AMLs in California
"We found the bells and whistles."

A kindly nod from the market could bring Dime and as many as 100 more new conversions out of the woodwork. If so, stock-picking among thrifts will become considerably more sporting than it was in the old "three-six-three" days, when S&L officers took in money at 3%, loaned it at 6% and hit the golf course by 3 o'clock.

Some tips on wading through the thickening morass of publicly traded thrift institutions:

- Worry about talent. Deregulation leaves plenty of room for mistakes. Says McDougall of Beverly Hills: "You can't turn old, blue-suited loan officers into real estate wizards overnight." Hence, even pros such as Gibraltar are raiding the commercial banks to staff new ventures.
- New issues are expensive. Fresh conversions outperformed previously traded S&Ls in 1983, but they are increasingly pricey. Why pay an infinite multiple for a new stock like Fortune Federal of Florida, which posted losses of $2.03 per share for the last 12 months, if you can pick up Los Angeles' profitable Ahmanson at 8 times earnings?
- Beware the fixed-rate lenders. Lots of S&Ls still make fixed-rate loans, piously claiming they will have no trouble packaging those hot potatoes for immediate sales on the secondary market. "It's not always true," cautions Shearson/American Express analyst Allan Bortel. Packaging loans is a tricky business, largely dependent on tiny interest-rate fluctuations. Ham-handed players can be stuck with dead weight if interest rates suddenly pick up.

How you feel about the future of thrifts, however, fundamentally depends on how you feel about interest rates. The big question still remains: Will the rates hold until balance sheets are fixed and the old, cheap portfolios are consigned to history? That, say the experts, could take at least two more years. Ventures First Nationwide's Frank: "If the present climate lasts through 1985, then the drag is eliminated and we're a whole new industry."

If not? He shrugs reassuringly, contemplating the drive toward variable rate mortgages, and says: "Every month that goes by is one more piece of armor." ■

An economic recovery is long overdue for the insurance industry, but don't expect it to arrive before the end of the year.

Insurance

By William Baldwin

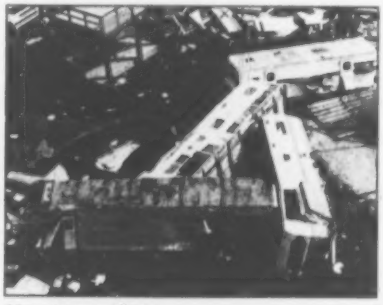
THE ECONOMIC RECOVERY has supposedly been under way for a year. Isn't it about time the insurance industry hit bottom? For the fourth time in a row, current profitability *(see p. 64, "Return on total capital" column)* has lagged the five-year average. Property/casualty stocks lagged the market for most of 1983. Earnings in the life insurance industry have been deteriorating since 1980. "There isn't much more bottom left," says Robert Haugh, president of St. Paul Cos., a diversified underwriter that specializes in medical malpractice liability and other commercial lines, where price competition has been devastating. But his mood is more prayerful than confident. According to Haugh, prices still hadn't firmed up at year-end, thus dooming the property/casualty underwriters to at least another six months of disappointing results. But maybe within a year things will start to look up. "The signs are there for improvement, in late 1984 or 1985," says Haugh.

It has been a rough year for stockholder-owned insurance companies. Aetna, the largest of them, knuckled under to an SEC complaint that it was overstating earnings by counting future tax-sheltering benefits before they were in the bag. For the industry as a whole, Hurricane Alicia cost $700 million. Baldwin-United's collapse scared away annuity buyers. Property/casualty underwriting margins (profits before investment income) are averaging a disastrous –11% and several companies aren't earning enough to cover their dividends.

For life insurers the big news is congressional action that will double their taxes *(see box, p. 66)*.

The insurance industry is supposed to be among the most stable of all employers, yet Continental Corp. and CIGNA have had to lay people off.

But there is something inherently cyclical about this business. Bad times lead to belt-tightening and rate-raising, which leads to prosperity again. And then the process repeats: High profits attract competition and make people sloppy. The competition factor is especially harsh now because so many outside corporations are hot on getting into "financial services," of which insurance is a major part.



Hurricane Alicia
As if there weren't enough losses.

The result, says John Mascotte, chief executive of Continental Corp.: "Too many dollars of capital are chasing too few dollars of risk."

Mascotte, who joined Continental in 1981 and took the top job a year ago, has felt the pain. His company reported net income of $2.62 a share for the first half of 1983. Although that seemed comfortably above the $1.30 in dividends paid in the period, most of those earnings were either capital gains or a paper item, negative income taxes. Pretax operating income was 17 cents a share, a pitiful 1% annualized return on equity.

Old-line agency underwriters like Continental suffer particularly from inefficiencies and excess capacity in their distribution systems, whereas independent retailers offer policies from several competing underwriters. For more than a decade independent agents have been losing ground to "direct" underwriters that retail through their own employees—companies like Sears, Roebuck's Allstate and the highly profitable Geico, which has been near the top of the Forbes Yardsticks for years.

Belatedly, the agency writers are changing with the times. Since Mascotte's arrival, Continental has confronted a fourth of its 8,500 agents with demands that they improve their mix of business (i.e., get their overall loss and expense ratios down) or drop out. Terminating or rehabilitating the subpar agents should save the company five points of underwriting profit margin—an amount so impressive it's a measure of how urgently it needed to be done. But it will be a few more years before such efforts show up on the bottom line, since the costs of servicing old policies will continue. Meanwhile, Mascotte has trimmed employment at Continental itself by 2,000, or 12%, through attrition, early retirement and firings.

Of course, rather than using it to chase after unprofitable business, an insurer can use some of its capital to buy in its own stock, as Geico, St. Paul, USF&G and Capital Holding, a life insurer, have done. That should someday result in better returns for the capital that remains at risk.

The industry could, in fact, stand a bit more of this capital-shrinking. State regulators would permit casualty underwriters to collect annual premiums of at least double their capital base. That compares with the current premiums-to-capital ratio of about 1.7. Capital, in short, is inefficiently used in this industry.

So long as that premium leverage stays low, casualty underwriters stay

hungry for business, which, of course, helps keep rates low. But one glance at the critical "combined ratio"—the sum of operating expenses and expected claims, expressed as a percentage of premium income—suggests that they ought to try to break this vicious circle. In 1982 the combined ratio hit 108%—a full eight points below break-even. That means the industry had costs 8% higher than revenues and stayed profitable only through the income reaped from investments. Things aren't getting much better. "The industry is now in the fifth consecutive year of a downturn," says Prudential-Bache analyst Herbert Goodfriend, "with no likelihood of improvement for 1984."

Insurance

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Life and accident												
First Executive	1	25.3%	18.2%	0.0	1	24.6%	20.5%	2.6%	1	91.8%	1	108.7%
Combined Internatl	2	19.3	16.3	0.0	2	19.4	16.1	9.3	8	15.1	9	8.5
Gulf United	3	15.3	14.1	0.6	6	12.5	10.2	8.0	4	24.0	4	13.3
Business Men's Assur	4	14.7	13.9	0.1	4	14.0	12.8	10.2	13	5.4	2	30.9
Provident Life & Acc	5	14.4	12.4	0.0	3	14.4	12.4	7.0	14	4.6	8	9.1
American Family	6	14.4	13.7	0.1	8	12.2	8.8	4.3	3	25.3	14	1.2
Capital Holding	7	14.2	14.0	0.3	5	13.7	11.8	8.0	7	18.4	6	11.0
USLIFE	8	14.0	10.8	0.5	12	11.4	9.0	8.3	9	10.8	11	7.6
Torchmark	9	12.9	13.6	0.3	7	12.3	11.8	6.9	6	18.5	7	9.3
Life Investors	10	12.4	11.1	0.1	11	11.7	10.3	4.8	2	25.6	3	14.0
Jefferson-Pilot	11	12.2	9.9	0.0	9	12.1	9.9	10.0	10	9.2	10	7.8
American Natl Ins	12	11.8	11.5	0.0	10	11.8	11.5	12.2	12	7.2	5	12.4
Washington National	13	10.8	7.3	0.1	13	10.0	7.1	2.9	11	7.4	12	6.0
Equitable of Iowa	14	9.1	8.9	0.1	14	8.4	8.8	4.9	5	18.6	13	5.3
Medians		**14.1**	**13.0**	**0.1**		**12.3**	**10.9**	**7.5**		**16.8**		**9.2**
Fire and casualty												
GEICO	1	38.6%	24.9%	0.4	2	22.2%	20.4%	10.7%	12	5.0%		D–P
Mission Insurance	2	26.6	12.4	0.1	1	23.5	11.7	6.4	1	23.0	1	26.1%
General Re	3	21.8	18.7	0.0	3	21.3	18.4	13.4	4	15.9	3	22.3
American Express	4	20.7	21.6	0.6	5	17.3	15.9	7.3	3	18.3	6	14.6
Ohio Casualty	5	18.9	12.3	0.0	4	18.6	12.3	6.7	8	12.2	7	13.5
Hanover Insurance	6	17.6	13.2	0.0	6	17.2	13.1	6.5	7	13.0	4	19.9
USF&G	7	16.7	11.7	0.0	7	16.7	11.7	7.0	9	10.3	9	10.0
Kemper	8	16.1	9.5	0.0	8	16.5	9.6	3.3	2	20.9	7	13.5
Chubb	9	16.0	13.0	0.1	9	15.0	11.4	5.6	10	9.3	5	14.8
City Investing	10	13.0	9.7	1.2	11	9.2	8.5	2.2	5	15.3	10	9.5
Berkshire Hathaway	11	9.4	7.7	0.2	10	9.4	8.0	1.9	6	13.2	2	25.0
Continental Corp	12	9.0	1.9	0.0	12	8.5	2.0	..1	11	7.4	11	0.4
Medians		**17.2**	**12.4**	**0.1**		**17.0**	**11.7**	**6.6**		**13.1**		**14.6**
Multiple line												
Teledyne	1	26.2%	12.0%	0.3	2	19.8%	10.4%	8.7%	15	7.9%	2	24.5%
Fremont General	2	23.1	def	0.5	4	18.3	1.5	def	1	29.6	11	10.1
Loews	3	22.5	22.2	0.5	11	12.6	14.1	5.8	9	11.9	3	21.8
American Intl Group	4	21.7	19.0	0.0	1	20.7	18.6	15.7	2	18.5	4	21.7
Old Republic Intl	5	20.1	17.6	0.3	3	19.1	15.4	14.5	5	14.8	5	16.8
Farmers Group	6	18.4	16.4	0.0	5	18.2	16.2	17.7	4	15.0	6	15.0
CNA Financial	7	18.2	14.7	0.2	12	11.7	11.6	4.8	14	8.4	1	105.3
American General	8	16.5	14.9	0.4	7	14.4	11.0	7.2	7	12.8	7	14.0
St Paul Cos	9	15.6	12.4	0.1	6	14.6	12.1	7.1	11	10.8	10	10.5
Safeco	10	15.1	13.6	0.3	10	12.8	11.7	7.5	10	11.7	8	12.4
Aetna Life & Casualty	11	14.7	9.5	0.1	8	13.8	8.8	2.8	6	13.2	12	9.1
Travelers	12	14.1	11.2	0.0	9	13.7	11.1	2.8	12	10.4	9	11.8
Lincoln National	13	11.3	10.6	0.2	14	10.3	9.4	4.0	8	12.4	13	8.6
Colonial Penn Group	14	11.1	13.3	0.0	13	11.1	13.3	3.6	3	17.7	15	–7.6
CIGNA		**	9.4	0.1		**	8.9	3.6	13	8.9‡	14	3.9‡
Medians		**17.4**	**13.3**	**0.2**		**14.1**	**11.6**	**5.8**		**12.4**		**12.4**
Industry medians		**15.5**	**12.4**	**0.1**		**13.9**	**11.6**	**6.9**		**13.0**		**12.4**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. D–P: deficit to profit. def: deficit. **Not available; not ranked.

Property/casualty has always had its cycles, roughly coincident with the economy's ups and downs, but five years is exceptionally long.

In a curious way, today's high interest rates are partly to blame. Yes, insurers are lenders, not borrowers, but that's the point. Greedy for more money to lend out, they stretch themselves to attract premium dollars. And shaft themselves in the process.

Here's how it happens: Suppose an underwriter has an opportunity to collect $100 of premium today against $120 in claims three years hence. Should it take the business? Since yields on safe Treasury securities are about 10%, yes. A mere $90 set aside now will grow to $120 in three years, enough to pay the claims. In reality, then, the insurer is garnering a $10 underwriting profit this year. The interest earned on the $90 reserve doesn't represent true profit but rather belongs in some sense to the claimholders.

Trouble is, under the archaic accounting system of the insurance profession, this piece of business would probably be booked as a loss in the first year. That is because the full $120 of future payouts would be counted as an underwriting cost. The resulting underwriting loss would be offset by investment income, of course, but much of that income would be on reserves from policies sold in other years. In short, there is a mismatch of revenues and expenses on each piece of business, making it difficult for the investor to know how profitably an insurer is operating at any given point. If all this weren't complicated enough, underwriters can further muddy the waters by reinsurance transactions, effectively accelerating the reporting of what would otherwise be, under traditional accounting, next year's income.

To go back to the hypothetical example: The underwriter might dispose of that $120 future loss by reinsuring it away at a cost, say, of $90. The reinsurer would then pick up the three years of investment income. The original underwriter would improve this year's reported profits by $30, and would report correspondingly lower profits in future years. Aetna, American Express' Fireman's Fund and CIGNA's Insurance Co. of North America are among the companies that used this controversial technique to puff up depressed earnings.

Complicated? Of course. But it boils down to a situation where few companies are making real money. "Smart people can sit down and say, 'I can write medical malpractice at 137.5% [combined ratio] and make a lot of money because the average payout is going to be over an eight-year period,' " says Frank Munson, president of General Re. "The big mistake was that in trying to write it at 137.5% they ended up writing it at 180%." For 1982 Aetna reported a 160.6% combined ratio on its general liability lines, the ones with the runaway jury awards and other unpredictables. No wonder the company was tempted to shuffle its loss reserves a bit.

The solution, in Munson's view, would be to go back to the good old days of sound underwriting practices, meaning: Make money on the underwriting and look upon investment income as icing on the cake. But the good old days are not around the corner. Says Munson: "The commercial insurance buyer is an infinitely more sophisticated animal than he was years ago. He wants some of that investment income somehow." The big commercial policyholder that doesn't get a bargain from the underwriter can take investment income by self-insuring, via a "captive" insurance subsidiary. Captives—most of them offshore to avoid regulation and taxes—already account for 6% of the $44 billion commercial property/casualty market. "We're seeing captives beginning to look at new areas: political risk, interest-rate exposure, warranties, life insurance on retirees," says Felix Kloman, president of Risk Planning Group, a Darien, Conn. firm that advises captives. Kloman's optimism should be underwriters' pessimism. ■

Hit me again

The bad news is that, under proposed legislation, life insurers' taxes will almost double in 1984, to $2.9 billion. The good news is that, without the legislation, taxes would go up even more.

Life insurance taxation, always one of the most complex parts of the federal tax code, has been in a state of flux for two years. In 1982 Congress scrapped the old system, enacted in 1959, because of the huge distortions it created during high inflation. A key formula in that law begins to break down when bond yields exceed 6%.

For 1982 and 1983 a stopgap tax system was enacted, intended as a transition—not so much in tax rates, as in how taxable income was computed—between the old system and what was expected for a new one. Under the 1959 act, investment income was the principal factor. Under the proposed reform, emphasis is on operating income more broadly defined.

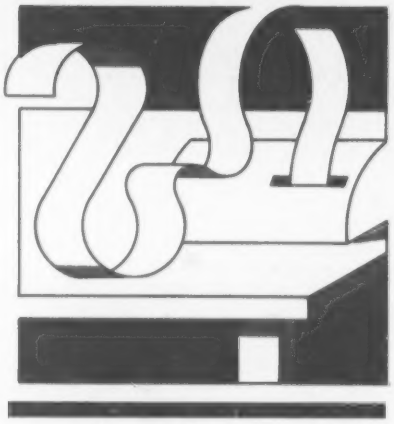
The interim measure generated about $1.5 billion a year in federal tax collections. That gave time to the industry's two camps—the mutual, or policyholder-owned firms, and the stockholder-owned firms—to form a combined lobbying front for tax purposes. Certainly, the interim tax law gave them an incentive to do that, since it provided that without new legislation the industry's tax payments would jump to $3.3 billion in 1984.

After much feuding behind closed doors on Capitol Hill, the insurers agreed on a scheme that would leave mutuals picking up 55% of an overall $2.9 billion annual burden and the stock companies the remainder. A tax committee approved the deal in October, but Congress adjourned before acting on it.

The insurance industry also wants the new legislation because it clarifies tax rules for their customers. "It closes a great uncertainty as to whether the IRS is willing to treat universal life as life insurance," says Lauchlin McLean, a tax lawyer for Aetna Life & Casualty. Provided certain minimum levels of pure death protection are present, buyers of universal life won't lose the favorable tax treatment generally accorded life insurance, even though universal life incorporates some investment features, such as a buildup of cash values at money market rates.

If Congress gets around to enacting this tax revision—a touchy matter only because it has been packaged with some controversial tax provisions, such as curbs on tax-free fringe benefits and tax-exempt housing bonds—most insurers will breathe a sigh of relief. So will any accountants concerned about demand for their services. Although the measure is billed as a "simplification," it is over 100 pages long.—W.B.

Was 1983 the peak of the boom for the brokerage business? If so, it was surely some peak.



Brokerage

By Richard L. Stern

EVERY YEAR, not long after Thanksgiving, the nation's top brokers gather at the Boca Raton Hotel in Boca Raton, Fla. to ponder the future of their profession at the meeting of the Securities Industry Association (SIA). Few other industry groups in this country can field as many millionaires at one conclave.

Rarely have the millionaires, near-millionaires and would-be millionaires been in a cheerier mood. Despite a sharp dropoff in earnings during the second half at the big publicly held firms like Merrill Lynch, Paine Webber and E.F. Hutton, 1983 was a dream come true for most of the industry. In fact, industry earnings overall are expected to be 50% ahead of 1982's record. So the entry of over 700 banks and thrifts into discount brokerage services seemed to hurt Wall Street hardly at all.

Take the large privately held investment banking and trading firms like Goldman, Sachs; Drexel Burnham Lambert; Bear, Stearns; Morgan Stanley; or Salomon Brothers (now a subsidiary of the publicly traded Phibro). Many of them are far less dependent on trading volume than the so-called wirehouses, whose latest 12-month profitability numbers on the Yardsticks below were sullied slightly by a decline in trading volume in equities in the second half. So some of these private firms enjoyed pretax returns on equity of as much as 100% last year, incredible as that may seem. Yes, 100%. And these are firms with up to $500 million in equity capital. "That 100% is not an outrageous number at all," says Robert Linton, chairman of Drexel Burnham Lambert Inc. and 1983 chairman of the SIA. How well did privately owned DBL do? Linton won't say, except to concede that it bettered the industry average figure, which was a not-to-be-sneezed-at 32.8% in the first half of the year.

This also means that the hundreds of partners in brokerage houses—from East Coast giants like Goldman, Sachs to smaller but substantial regionals like San Francisco's Montgomery Securities—personally pulled in $1 million or more, sometimes much more, apiece. Only the entertainment business and, possibly, sports produced so many seven-figure incomes last year. Professional traders on equity, bond and commodities desks easily made upwards of $200,000 and $300,000. The chief traders? In some cases more than $1 million. Compensation for analysts was never better, ranging from $250,000 to $500,000 for the top ones.

Take Jim Chanos, for example. He is the analyst who became a Wall Street star in 1983 when he discovered Baldwin-United was a basket

Brokerage

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
E F Hutton Group	1	30.3%	31.1%	0.7	2	24.8%	22.7%	6.8%	3	34.3%	2	30.3%
First Boston	2	27.6	29.5	0.2	1	27.6	29.7	6.5	1	44.0	1	32.2
Merrill Lynch	3	22.9	26.9	0.5	3	18.5	20.3	7.1	5	29.2	3	25.7
Paine Webber	4	18.5	45.8	0.5	4	15.6	37.9	5.9	4	33.2	4	12.9
Donaldson, Lufkin	5	13.3	13.6	0.5	5	11.7	10.7	3.4	2	36.3		D–P
Industry medians		**22.9**	**29.5**	**0.5**		**18.5**	**22.7**	**6.5**		**34.3**		**28.0**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
D–P: deficit to profit; not ranked.

case. He was later lured to Atlantic Capital, the U.S. brokerage subsidiary of the German Deutsche Bank, for a rumored compensation package of half a million dollars a year. Chanos, by the way, is only 26.

Dealmakers and underwriters also did extremely well. So did the ordinary brokers, the people who deal with the public. Average compensation in 1983 was $75,000, up from $67,000 in 1982, according to Perrin Long of Lipper Analytical Services, Inc. That's just the average. Remember, they can earn anywhere from 30% to 40% of the commissions they bring in. A few top producers made multiples of $1 million. The 170 brokers in the New York retail office of Bear, Stearns, which specializes in wealthier individuals, "brought in $500,000 a man," says Bear, Stearns partner Jimmy Cayne.

Not content with huge incomes, many brokers decided to capitalize their good fortune by letting the public in on their businesses—at prices ranging from 3½ to 5½ times prepublic book value. Firms going public included RJ Financial and Quick & Reilly. If precedent holds, this could be a sign the market is near a top: Brokers have often displayed brilliant timing in going public. When Donaldson, Lufkin & Jenrette started the whole thing by going public back in 1970, right at the top of the market, many initial investors who hung on didn't break even for over a decade.

Brokers cruising off Boca Raton
Billowing profits helped fill the sails.

So much for the brokers' yachts. What about the customers? They fared well but not nearly as well as the brokers. The NASDAQ average, which went from 232.41 to 326.11 in

A money machine

Goldman, Sachs probably has more clients among The Forbes 500s (Sears, Ford, General Electric, et al.) than any other investment banker. It also is probably the biggest in the private placement business. And only Merrill Lynch, according to the surveys, has more top analysts. In institutional trading, Goldman is number one, according to those same surveys.

Goldman, moreover, has achieved this eminence with a minimum of the infighting that afflicts most Wall Street firms. And when did you last hear of a Goldman partner leaving for greener fields elsewhere? Indeed, this unusual harmony is a major reason for the firm's unparalleled success.

Goldman, Sachs defines success. It likely will have earned something between $350 million and $400 million before partner taxes for the fiscal year ending last Nov. 30. That's a 100% return on the equity with which it began the year. Revenues were over $1 billion, and, according to brokerage industry sources, that kind of performance is unbeatable even on Wall Street.

In a business notorious for its cyclicality, Goldman, Sachs just completed its ninth consecutive year of earnings records, according to John Whitehead, who, along with Cochairman John Weinberg, took over the reins in 1976 after the death of Gustave Levy. Unlike the big wirehouses, Goldman doesn't have to cope with the enormous overhead of doing business with the general public. Thus the company avoided the second-half slump in earnings.

The company has put together a mix of business that seemingly defies gravity. When equities are down, bonds and real estate may be up, for example. Last year the public's appetite for new issues (a market where Goldman has ranked first, ahead of E.F. Hutton and Merrill Lynch as an underwriter) weakened after August, but big companies kept selling equity, and Goldman, with its blue chip list of corporate clients, kept the cash register ringing. Two years ago it acquired J. Aron & Co., an international commodities dealer, reportedly for $100 million. While 1983 was not a good year for gold and silver, the foreign currency and coffee businesses were up, and J. Aron is a substantial currency trader and the largest coffee dealer in the world.

Whitehead is particularly proud that his staff, which now numbers 3,400, has grown more slowly than revenues and earnings. That's efficiency. Settled into a new 30-story office building in the center of the financial district, Goldman is setting its sights on the world. Goldman already owns a merchant bank in London, has a trading operation there and operates other offices in Zurich, Hong Kong and Tokyo. It will leave for Merrill Lynch the opportunity to reach the retail public at large around the world. Goldman plans to keep doing what it does best—making lots of money by dealing with the big boys and dealing with them both efficiently and effectively.—R.L.S.

June, had fallen off to 285.49 by December. Hambrecht & Quist's high-tech average went from 649.78 in January to 942.21 in June but was off to 739.22 by December.

As for the hot new issues—the ones your broker told you would be the next IBMs—it was the same story: According to Abrahamsen & Co. of Hoboken, N.J., which keeps track of initial public offerings of $5 million and more, Wall Street raised at least $10.7 billion last year. But of the 386 initial public offerings, 186 in late November were trading below their initial offering price.

Meanwhile, the public was also getting badly burned in Baldwin-United and Warner Communications and severely singed on such respectable issues as Apple Computer, Digital Equipment and Texas Instruments.

While Merrill Lynch suffered from declining trading volume in the third quarter, another major wirehouse bucked the trend. Shearson/American Express, one of the best run of the large houses before and after its acquisition by American Express, earned $34.4 million in the third quarter of 1983, compared with $33 million for the same period of 1982, the first quarter of the roaring bull market. Merrill, Hutton and Paine Webber all were down September over September. Why did Shearson fare better? In part because of tighter cost control, claims Peter Cohen, Shearson's 37-year-old president and chief executive officer.

What's ahead for 1984? Continued good times but accompanied by some belt tightening. George Ball, the chairman of Prudential-Bache, doubts that trading volume will go appreciably higher "because the market already has built in earnings expectations" into most of the thousands of issues that are traded. Ah, 1983. That was one for the books. ■

On the block

Two years ago commodity broker Phibro paid something like 2 times book value, or about $500 million, for Salomon Brothers. The price didn't seem to make sense, for what was Phibro buying but a lot of people who could easily pack their briefcases and move across the street. Who's laughing now? Last year alone Salomon reportedly earned back that $500 million for Phibro pretax—and a lot of former Salomon partners were moaning in their martinis for having sold out so cheaply.

Nobody was selling that cheaply last year. Brokerage firms that went public—and there were eight of them—generally got a higher price in the public markets than they would have by following Salomon Brothers' lead and selling out privately. Such relatively small firms still command higher price-to-book ratios than big public companies such as Merrill Lynch and Paine Webber. Why? Possibly because investors believe smaller firms are more likely to be takeover candidates.

You can see why investors have such hopes. When Shearson/American Express bought the West Coast-based brokerage firm of Foster & Marshall and Atlanta-based Robinson-Humphrey in 1982, it paid 3.5 times book. But not every firm is as good as those two—and not every year will be like 1983 on Wall Street.—R.L.S.

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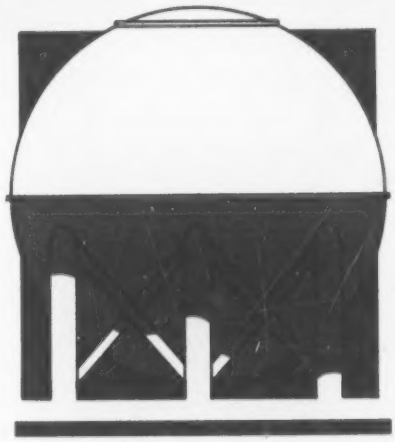

Energy

By Carol E. Curtis

IF THE ECONOMY was recovering smartly in 1983, you wouldn't know it from the oil industry. Complains Raymond Mason, president of Charter Co.: "Even if the economy keeps expanding, pressures will continue to push oil prices down."

The numbers tell the story. In the 1960s, before the Arab oil embargo, the U.S. GNP was growing at 8% annually. Energy demand rose at the same pace, with oil filling virtually all of the increased demand. But last year the demand for oil actually declined in the face of a 3.5% increase in the GNP. This year looks little better. Tor Meloe, chief economist for Texaco, believes the economy will grow about 5% in 1984; demand for petroleum will rise only 1%. An economist for another oil company isn't much more optimistic. He says energy use will rise by 4% in 1984, but half of the growth will be non-oil.

A gas-guzzling 1959 Cadillac (top) *and a new, fuel-efficient Mazda*
At 8 miles per gallon vs. 30, bigger will never be better again.

Remember those "obscene" oil company profits? Where are they now? For the international oils as a group, the Forbes Yardsticks show that return on capital averaged 7.4% over the past year—down by almost half from the industry's five-year average of 13.2%.

This is not the first time that the demand for oil has dropped, of course. In 1975, right after the embargo, it fell to less than 4% as prices rose. But people got used to higher prices, and demand recovered.

This time it's different. The 17-fold increase in prices over the last decade seems to have triggered permanent changes in oil's two most important product markets: gasoline and middle distillates.

By far the most important transformation has been in the market for gasoline. About 45% of every barrel of oil refined in the U.S. is turned into gasoline. Between 1978 and 1982 the average miles driven per car per year fell 10%—from 10,050 to 9,050. That cut gasoline consumption by 500,000 barrels a day. At the same time the auto fleet was becoming more fuel-efficient. The average new American car now gets 24.6 miles per gallon, vs. 13.2 miles per gallon in 1973.

These two factors—less driving and fuel-efficient cars—have cut U.S. daily gasoline consumption by 1 million barrels. People are beginning to drive more again: One major oil company estimates that miles driven in the U.S. in 1984 will be 4.5% higher than in 1983. On the other hand, gas-guzzlers are still being replaced by more efficient vehicles. So the decline in demand looks permanent.

Oil's second most important market, middle distillates—jet fuel, residual fuel oil and heating oil—has been hit even harder than gasoline. Conservation and fuel substitution in the

Poor relation

With oil losing its markets to other fuels, you would think that the biggest gainer would be coal. Coal is plentiful, much cheaper than oil and a ready replacement for petroleum in the huge utility market.

Only it isn't happening. "The recession and conservation have hurt everybody," says E.B. Leisenring Jr., chief executive of Westmoreland Coal. Westmoreland's troubled performance of late is a good illustration of the industry's problems.

Last year the U.S. produced 780 million tons of coal, about 50 million less than in 1982. This year the National Coal Association expects a modest increase but still well below 1982.

In the early 1980s coal won U.S. market share from oil and gas in the all-important utility market, where four-fifths of U.S. coal is sold. It won converts in heavy industry, too. Over the past five years the Forbes Yardsticks show sales growing for coal companies by a healthy average of 18.8%.

But the growth seems to have stopped. Why? Environmental extremists have hurt, as has red tape. Utilities are reluctant to buck their opposition to convert to coal. So they keep burning natural gas and oil, and the public pays.

Meanwhile, 12 new nuclear units are expected to begin operation in 1984. These plants will produce cheap, clean energy, in spite of their sky-high capital costs, and will satisfy most of the modest increment in demand expected in the near future (see *Electric Utilities, p. 90*). Coal economist Jerry Karaganis figures that the surge of nuclear capacity will hold coal use flat. If the coal industry has anything to be thankful for, it is that antinuke propagandists have so frightened the American public that further nuclear development has almost halted. Bad news for U.S. energy independence but good news for OPEC and for coal.—C.E.C.

utility and industrial sectors have cut the use of middle distillates dramatically. Electric utilities simply aren't building oil-burning power plants anymore. Heavy industry, still mired in recession, has taken equally dramatic steps. In the steel industry, fuel oil use is now one-fifth what it was five years ago. In pulp and paper, the third-largest energy consumer in the country after metals and chemicals, oil use has been cut by more than 50%. Will oil consumption come back with industrial activity? Not likely. Much of the reduction is permanent reduction, caused by switching to self-generated fuel like wood-burning boilers.

The cumulative effect has been to reduce the use of residual fuel oil by over 1 million barrels a day, and that trend is continuing.

In all, oil demand has fallen by more than 3 million barrels a day be-

Energy

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
International oils												
Occidental Petroleum	1	27.3%	def	0.9	1	14.9%	3.1%	0.9%	2	21.1%	4	12.8%
Exxon	2	20.1	17.0%	0.1	2	14.5	11.8	5.1	5	13.6	3	13.4
Standard Oil Calif	3	18.4	12.2	0.2	3	14.4	9.4	5.6	7	12.4	1	14.9
Phillips Petroleum	4	18.1	10.9	0.3	4	14.0	7.7	4.1	3	19.1	6	11.3
Mobil	5	17.3	9.1	0.3	5	12.4	6.3	2.3	4	16.3	2	14.8
Texaco	6	15.4	9.0	0.2	7	11.3	7.3	3.1	6	12.5	5	12.4
E I du Pont	7	13.5	9.2	0.5	6	11.5	7.4	2.8	1	22.5	7	8.3
Gulf Oil	8	12.9	9.3	0.2	8	10.3	6.9	3.1	8	9.4	8	7.7
Medians		17.7	9.3	0.3		13.2	7.4	3.1		15.0		12.6
Other oil and gas												
Standard Oil Ohio	1	42.8%	23.0%	0.5	2	20.7%	14.5%	13.7%	7	27.5%	1	43.3%
Charter	2	35.8	3.3	0.6	1	20.9	5.3	0.4	8	27.2	6	26.1
Mitchell Energy & Dev	3	35.0	18.6	1.1	17	12.4	7.9	8.7	2	35.4	5	27.8
Texas Oil & Gas	4	33.3	31.9	0.5	3	16.1	15.2	16.1	6	27.7	3	30.2
Tosco	5	28.3	def	1.3	23	9.9	def	def	4	29.5	33	P–D
Tesoro Petroleum	6	28.1	12.9	0.2	4	16.0	10.1	1.7	14	24.0	8	23.1
Pennzoil	7	25.4	12.9	0.7	13	12.9	7.1	7.0	29	15.0	17	12.4
Dorchester Gas	8	24.6	12.7	0.9	6	14.2	7.2	1.3	1	67.2	9	20.5
Ashland Oil	9	23.0	5.7	0.5	16	12.4	5.1	1.2	31	13.5	20	11.6
Murphy Oil	10	22.3	16.3	0.2	9	13.9	11.3	5.8	24	16.9	7	23.9
Cabot	11	21.3	9.9	0.3	7	14.0	7.5	4.1	16	23.3	4	29.3
Atlantic Richfield	12	21.1	15.9	0.3	12	13.2	9.9	5.9	19	20.6	10	20.1
Louisiana Land	13	20.0	12.0	0.3	5	15.2	7.1	8.3	15	23.8	25	5.8

Note: Explanation of Yardsticks calculations on page 58.
P–D: profit to deficit. def: deficit.

cause of conservation. So market forces have done what neither threats nor diplomacy could do, curb the power of OPEC.

OPEC is currently producing 17.5 million barrels a day, with a capacity of 31 million. Since most OPEC member states have developed expensive spending habits, further cuts to shore up prices seem unlikely. There is so much excess capacity right now that the Iran-Iraq war has made hardly a dent. "Short of shutting down the [Persian] Gulf," says Neil Bunis, director of industry studies for Conoco, "anything less can be compensated for." A Gulf shutdown would also find the U.S. far better prepared than in the past: The strategic petroleum reserve, with all its problems, still contains 366 million barrels of oil, or 90 days' emergency supply.

The wonder is that the price of oil hasn't fallen faster. "Every bone in my body tells me the price of oil is going down," says Charter's Mason, "but I won't bet a nickel that it will." Why not? Essentially because almost everybody has a stake in keeping prices up. The oil industry because it has invested billions developing expensive deposits like those in Alaska. The industrial countries because conservation is in their long-term interest and high prices promote conservation. The U.S. because Mexico's future depends heavily on oil, and the U.S. badly needs a prosperous Mexico.

So the betting is, oil prices will hang around the present level for a while, which isn't such bad news to people who find oil. The current price of $29 isn't all that bad. The biggest gainers won't necessarily be the biggest companies—integrated giants like Exxon and Texaco. These companies get much of their oil from Saudi Arabia, and access to oil in politically uncertain Saudi Arabia has become quite a mixed blessing. Instead, firms with strong U.S. exploration and production arms and extensive U.S. oil reserves, like Standard Oil of Ohio and Superior, are looking better all the time. William Randol, international oil analyst at First Boston, explains why: "For national security and balance-of-payment reasons, there is still an infinite demand for U.S.-produced crude oil, even at $29. Every barrel that can be found will have a home."

This helps explain the excellent showings posted by U.S.-based Superior Oil. Over the latest 12 months, the Forbes Yardsticks show that Superior's net profit margin is 11.3%, vs. the industry median of 3.7%. True, its

Energy

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Standard Oil Indiana	14	19.6%	16.0%	0.3	10	13.7%	10.9%	6.3%	25	16.6%	15	13.5%
Unocal	15	19.5	14.2	0.2	11	13.5	10.4	6.3	33	12.4	14	14.6
MAPCO	16	18.9	9.0	0.8	21	10.7	5.6	2.6	3	33.2	29	2.8
Shell Oil	17	18.7	14.8	0.4	19	12.0	9.1	7.7	27	15.7	13	15.1
Sun Company	18	18.1	10.7	0.3	14	12.6	7.2	3.6	20	19.0	19	12.2
Getty Oil	19	17.9	8.3	0.2	8	14.0	6.0	3.6	9	26.1	11	18.1
Amerada Hess	20	17.4	7.4	0.7	18	12.1	4.9	2.4	28	15.0	12	15.2
Superior Oil	21	17.0	9.0	0.4	22	10.6	4.9	11.3	5	28.5	2	33.2
Holly Corp	22	16.7	10.1	0.1	15	12.6	7.9	1.5	13	24.8	22	9.7
Pacific Resources	23	16.3	7.8	1.4	24	9.8	5.7	0.5	11	25.7	18	12.3
Tenneco	24	16.3	13.1	0.7	28	9.4	7.4	4.9	26	16.2	26	5.6
American Petrofina	25	15.9	8.3	0.3	20	10.9	6.4	2.2	30	14.9	24	8.1
Crown Central Petroleum	26	15.6	0.2	0.4	25	9.7	1.5	0.1	17	22.2	21	10.3
Kerr-McGee	27	14.0	10.4	0.4	27	9.5	6.7	4.9	32	12.7	23	8.2
Quaker State Oil	28	13.9	13.2	0.3	26	9.6	9.2	3.9	23	16.9	28	3.6
Coastal Corp	29	13.6	16.6	1.2	32	7.5	7.3	1.6	12	25.4	30	2.7
Union Pacific	30	13.4	9.4	0.5	30	8.6	5.5	4.8	18	21.6	16	13.5
Diamond Shamrock	31	12.9	7.4	0.5	29	8.8	5.7	3.2	22	18.7	31	–6.1
Allied Corp	32	11.6	9.0	0.2	31	8.2	7.4	3.7	21	18.8	27	4.4
United States Steel	33	1.1	def	1.0	34	3.8	def	def	34	10.1	32	–33.6
Marion	34	def	def	2.9	33	4.7	def	def	10	25.9	33	P–D
Medians		**18.4**	**10.3**	**0.5**		**12.3**	**7.2**	**3.7**		**21.9**		**12.4**
Coal												
North American Coal	1	15.2%	23.1%	7.3	2	6.4%	6.4%	4.8%	1	12.2%	1	10.2%
Eastern Gas & Fuel	2	12.7	7.7	0.6	1	7.7	5.2	3.3	2	11.6	2	3.9
Pittston	3	4.7	def	0.4	3	4.6	def	def	3	7.8	3	–23.4
Westmoreland Coal	4	0.4	4.5	0.3	4	2.1	5.1	1.6	5	5.1	4	–55.5
Gulf Resources & Chem	5	def	11.8	2.2	5	2.0	7.3	3.0	4	7.4	5	P–D
Medians		**4.7**	**7.7**	**0.6**		**4.6**	**5.2**	**3.0**		**7.8**		**–23.4**
Industry medians		**17.4**	**9.9**	**0.4**		**12.0**	**7.1**	**3.3**		**18.8**		**12.2**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

return on equity trails the industry median by more than 1%. Nevertheless, at a P/E of 28, the largest independent oil and gas producer in the country is a hot number—and a rumored takeover target by, among others, T. Boone Pickens Jr. before he went after Gulf.

But while things look good for domestic producers, they look glum for the big internationals, which no longer own their own oil but must buy much of it from OPEC. The depressed state of the refining and marketing business isn't working in their favor, either. There is overcapacity in refining of between 30% and 40%—a record high. Looking at his chart of refining margins, First Boston's Randol calls it "an electrocardiogram of a very sick industry."

Because European refineries have been hit even harder than those in the U.S., integrated companies with strong overseas positions, notably Gulf and Texaco, have been hurting badly. Gulf reacted last year by announcing that it was selling its European refining and marketing operations to Kuwait Petroleum Corp.

Saddled with these problems, the international oils recently have been looking less attractive than their domestic counterparts. For the latest 12 months, the Forbes Yardsticks show that return on equity for the giant internationals has averaged just over 9%, one percentage point below the industry mean for domestic oils.

As a domestic company, Atlantic Richfield also looks good. Last year, analysts say, Arco cut gasoline prices aggressively in the all-important West Coast market because of access to Alaskan crude oil and an innovative marketing strategy. The result? Huge gains for Arco at the expense of less well positioned refiners like Tosco and Holly, who simply couldn't meet Arco's low prices at the gas pump.

While West Coast gasoline prices are firmer now, Arco's strategy is likely to continue to pay off, making it a winner in a sea of losers. With its stock selling at a P/E of 5.6, that fact appears to have gone unnoticed so far.

Shell Oil, the U.S. arm of Royal Dutch/Shell, is another domestic with good prospects. Shell has focused on efficient upgrading of vast quantities of low-grade crude oil reserves it acquired with the purchase of Belridge. With oil costly to find, you are way ahead of the game if you can take low-grade stuff and turn it into good crude rather than having to go out and find the high-grade stuff from scratch. ■

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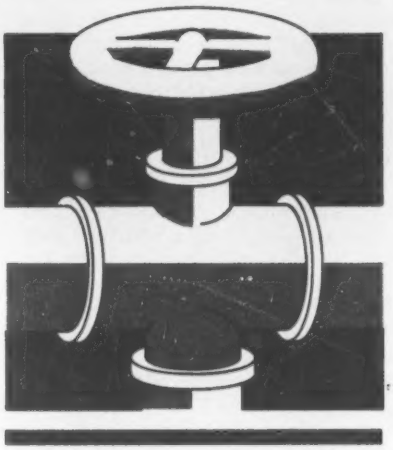


Natural gas

By Toni Mack

WITH THE GAS MARKET still awash in expensive, unsalable gas—some 4 trillion cubic feet of it per year at last count, almost one-fourth of capacity—the industry is praying for fierce, lengthy winters and runaway recovery. But even if it gets its wishes, it will be a good two years before that excess is burned off. Here, too, rising prices have led to conservation, which means the country uses less energy to support a given level of economic activity. "The University of Houston is a good customer for us," cites Jackson Hinds, chairman of Entex Inc. "They are using probably half as much gas as they did ten years ago because they have invested a lot in energy cost reduction."

The university was no isolated case. General Motors reported a 27% rise in output with zero increase in gas consumption. Meanwhile, exploration companies like Standard Oil Co. (Indiana), Mitchell Energy and Shell keep finding more gas. Conservation, then, isn't really the right term to describe what is happening. It's simply that price is performing its function in a free economy, in this case restricting demand and stimulating output. So, don't look for a quick recovery in this industry.

But if there is too much gas around, how come prices aren't dropping? Because of old rigidities built into the system by the ill-advised price controls of the past. As old, controlled, low-priced gas contracts come to an end, the high-priced gas signed up in the manic buying of the late Seventies keeps pushing up the pipelines' average cost. Tenneco's gas costs rose to $3.26 in April from $2 in May of 1981. This, too, hurts the industry because other fuels are easily substitutable for natural gas. In some places last year, pipelines were trying to sell $4.50-per-thousand-cubic-feet gas to customers who could buy the same amount of energy in fuel oil form for $3.75. One reason United Energy Resources, long one of the industry profit leaders, was beaten in the latest 12-month industry Yardsticks was that buyers along its Gulf Coast pipelines began picking up especially cheap residual fuel oil from nearby crude refineries. As long as oil prices remain weak, fuel oil will continue to keep a cap on the price gas pipelines and distributors can charge.

A snow-laden house last winter
Praying for hard winters and runaway recovery.

The gas industry is fighting to lower wellhead prices, but there are problems. The biggest shackles are "take-or-pay" contracts the pipelines signed with producers. These specify that if a pipeline cannot take delivery of its minimum contracted quantity—usually at prices that look indigestible today—it must pay for the gas anyway, for future delivery. That was a killer in 1983, which is why some of the biggest companies in the business invoked *force majeure* to get out of the contracts. Northwest Energy has settled amicably with its suppliers, but Tenneco and Columbia triggered a storm of lawsuits. Panhandle Eastern Corp., which is saddled with expensive liquefied gas from Algeria, has had to prepay $43 million for unsalable gas (against a contract exposure of $2.6 billion). Try that at today's interest rates.

A few pipelines, such as Yardstick-topping Sonat Inc., have managed to haggle away some problems. "The producers aren't stupid," says Henry Goodrich, Sonat's chairman. "They know we can't sell the gas, and there's usually something you can give them, like a hookup to a new well [which will persuade them to renegotiate their contracts]. We've got our take-or-pay obligation down from $500 million, which was a choker, to something less than $300 million, which we can live with." In a few years, however, Sonat will be in the anomalous position of needing more gas. So Goodrich has signed up for 1.5 trillion cubic feet, with delivery starting in 1985, from Arkla Inc., which has abundant reserves of low-cost gas, as one can sense immediately from its latest 12-month return on equity. Unfortunately, Sonat's idle offshore drilling rigs are likely to pull down earnings in 1984.

Everyone in the industry believes that gas deregulation would help. But there are as many versions of deregulation as there are supporters, and few versions look like anything Adam Smith would call a free market. Dis-

tributors and producers disagree on whether the price of "old" gas (found before 1978) should be decontrolled. Producers and pipeliners debate whether high-priced take-or-pay contracts should be ripped up. Pipeliners and distributors are at loggerheads over automatic passthrough of gas costs. Most hotly contested of all is mandatory contract carriage, which would force pipelines to carry gas that customers bought directly from the producers for a transportation fee *(see box)*.

Given the violence of the debate, it's understandable that a comprehensive deregulation bill was defeated in November and probably won't stand a chance of passage until the presidential election is over. "It's a little like the Houston Astros at the end of the season. We're 6½ games out of first place, but we're not mathematically eliminated yet," says Tenneco Executive Vice President Joe B. Foster.

If there is a silver lining for the future in all this, it is that everybody concerned seems disgusted with price controls—even though nobody can agree how to get out of them.

Now the good news: Industrial buyers have long been forced to bear a disproportionate share of gas service costs in order to keep prices to residential consumers lower. That's what is politely called populism. Populism is popular with voters, until they understand that it has been costing them their jobs.

Moreover, when overburdened industry shuts down or switches fuels, it leaves more fixed costs to be borne by the voters. So utility commissions in Pennsylvania and elsewhere have

This is deregulation?

By allowing buyers to circumvent a pipeline whose gas price is too high and deal directly with the people who own the wells, Congress figures pipelines will be spurred to hold down prices. It's a good idea. In theory. But as usually happens with such well-intentioned political meddling, Congress' last shot at "deregulation"—the Natural Gas Policy Act of 1978—has helped mostly lawyers, and this new version may do the same.

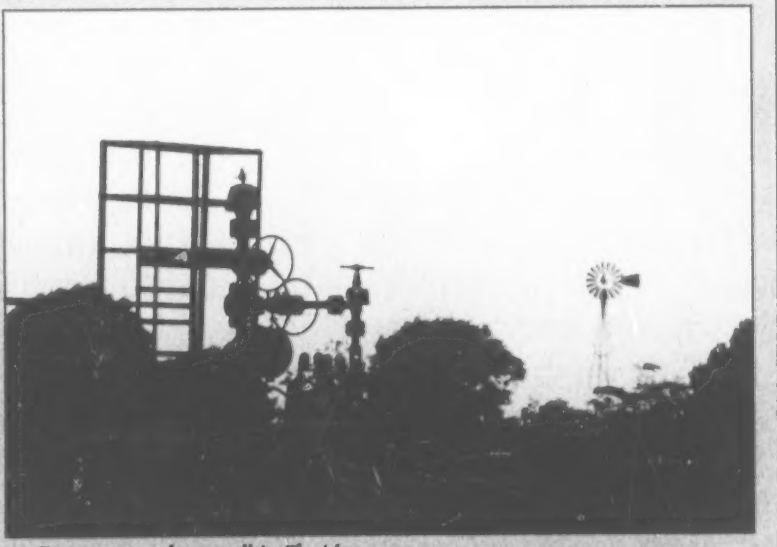
"Mandatory contract carriage," as it's called in the deregulation bills, would force pipelines with extra capacity to haul gas for others for a fee. Actually, they often do so voluntarily: In 1982 gas hauled for others in this fashion accounted for 18% of all gas transported interstate. But the pipelines don't want to be forced into anything. They don't want to be made to carry gas for low-cost competitors. Here's how the situation developed.

When the gas glut began, a few small intrastate pipelines, most notably Lear Petroleum Corp., began trying to outflank the big interstate pipelines by selling cheap gas directly to users, usually on a short-term basis. The interstates balked at carrying this gas in their pipelines. Why should they undercut their own business? Now Congress wants to force them to do so. In the name of the sacred consumer, of course. Of course.

Meanwhile, without being forced by Congress, some pipelines are setting up their own direct-sales programs. Transco Energy, for example, started one last May, acting as broker for buyers and sellers, and now transports 150 million cubic feet of direct-sales gas a day. "It makes no difference to us. We make the same margin whether we transport or whether we buy and sell," says Transco President Kenneth Lay, who thinks direct sales could account for as much as 30% of all gas sold by 1990. Tenneco, United Energy Resources, Columbia Gas System and Panhandle Eastern have also started such programs in the last few months. But other pipelines resent being forced to deal with competitors.

What happens if Congress forces the big pipelines to deal with people like Lear? A bureaucratic apparatus would have to be created and law firms would benefit. "The regulators will have to make all kinds of planning and operating decisions about whether capacity exists, how you're going to haul the gas, where you're going to drop it off, how you're going to bring it in and out of storage—all abdicated to some unknowing federal employees who are going to be pulled in a bunch of different directions on every issue. It's going to be chaotic," says George Lawrence, president of the American Gas Association. He endorses giving FERC "the authority on a rifle-shot basis to mandate hauling gas when a pipeline is stonewalling someone."

Lovers of regulatory solutions to market problems should consider the case of Panhandle Eastern when it filed for a rate increase last March. It got a questionnaire from FERC that took 180,000 pages to answer. So-called consumerism often benefits lawyers and bureaucrats more than it does consumers.—T.M.



An Exxon natural gas well in Florida
Congress' next shot at deregulating gas may help mostly lawyers.

approved price breaks for big industrial buyers, which will help win back lost markets. All the same, industry profit leader Pioneer Corp. last year spun off its West Texas distribution system partly for fear that regulators would begin to covet its revenues from exploration, gas transmission and other operations.

So you can bet that the industry isn't running out of problems. And yet the natural gas industry remains attractive to big business. Several pipelines have been or are in the process of being bought out—El Paso Co. by Burlington Northern Inc., Northwest Energy Co. by the Williams Cos., Celeron Corp. by Goodyear Tire & Rubber Co., etc. MidCon Corp. and Houston Natural Gas Corp. have also been mentioned as potential targets. (Stock prices, unfortunately, already reflect the chances of a takeover.)

What's the lure? "The pipeline industry couldn't be built again, so it's got no competition," says Goodrich of Sonat. "It's a franchise-type operation with a reasonable rate of return. That's attracted some of the wolves. Sharks, too." But the sharks and wolves wouldn't be there if they didn't think this was an industry with a bright, long-term future. ■

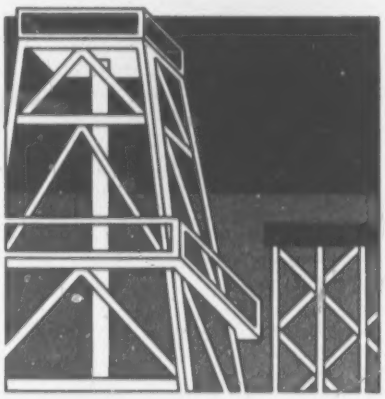
Natural gas

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Producers and pipeliners												
SONAT	1	19.6%	18.7%	0.6	1	11.6%	10.3%	7.8%	3	24.7%	2	16.1%
Transco Energy	2	18.5	14.4	1.0	7	8.2	7.2	3.1	1	34.2	1	17.6
Panhandle Eastern	3	18.4	10.1	1.0	3	9.7	5.5	4.4	2	25.3	3	11.8
ENSERCH	4	17.9	9.6	0.7	2	10.7	6.5	2.9	6	23.4	4	11.3
Texas Eastern	5	17.0	10.2	0.5	4	9.4	6.7	2.5	5	23.6	5	9.8
Texneco	6	16.3	13.1	0.7	5	9.4	7.4	4.9	8	16.2	6	5.6
MidCon	7	13.5	12.1	0.5	6	8.6	8.0	3.7	4	24.2	7	5.0
El Paso	8	7.9	14.4	1.6	8	5.2	7.0	1.8	7	20.3	8	–22.5
Medians		17.5	12.6	0.7		9.4	7.1	3.4		23.9		10.6
Pipeliners and distributors												
Pioneer	1	30.7%	21.2%	0.7	1	16.6%	10.8%	7.6%	6	19.3%	2	20.7%
United Energy Resources	2	23.5	5.7	0.4	2	16.3	4.5	1.2	1	29.1	3	18.9
Houston Natural Gas	3	23.2	15.1	0.3	3	14.7	10.6	6.4	7	19.1	4	15.2
Valero Energy	4	22.8	13.7	0.6	4	11.4	7.5	4.1	10	14.4	1	67.6
Arkla	5	20.2	16.2	0.6	5	10.6	8.6	6.0	2	22.8	5	10.8
Am Natural Resources	6	17.5	17.8	0.9	8	8.8	8.7	5.2	5	20.1	6	10.2
InterNorth	7	17.1	15.4	0.5	6	10.1	9.4	4.8	3	20.2	8	8.1
Northwest Energy	8	15.1	7.8	1.2	9	8.7	4.8	1.8	4	20.1	7	8.6
Mountain Fuel Supply	9	14.8	19.0	0.7	7	9.0	10.2	9.2	8	18.7	9	7.3
Columbia Gas System	10	13.6	10.8	0.8	10	7.8	6.7	3.4	9	18.3	10	6.4
Medians		18.9	15.3	0.7		10.4	8.7	5.0		19.7		10.5
Distributors												
Entex	1	22.5%	19.7%	0.7	1	12.3%	11.5%	4.2%	3	22.7%	1	14.8%
KN Energy	2	17.6	19.0	0.6	7	8.8	9.0	6.5	13	17.7	9	6.3
Southern Union	3	17.2	10.6	0.5	4	9.9	6.8	2.6	8	18.9	5	9.1
Oneok	4	16.7	8.8	0.7	3	10.1	6.5	2.9	6	19.0	11	5.5
Diversified Energies	5	15.4	15.0	0.5	2	10.1	10.0	2.9	5	19.8	7	8.0
Brooklyn Union Gas	6	15.4	15.7	0.7	5	9.2	10.0	5.2	10	18.3	3	10.5
Pacific Lighting	7	14.7	15.7	1.0	6	8.9	9.7	3.4	2	23.1	2	11.8
Peoples Energy	8	14.3	11.7	0.7	11	7.3	6.5	2.6	17	15.6	12	3.1
Consol Natural Gas	9	14.1	15.2	0.5	8	8.5	9.0	5.5	11	17.9	4	9.1
Laclede Gas	10	13.2	12.3	0.6	10	7.6	7.5	2.6	15	16.0	8	7.8
NICOR	11	12.2	3.0	0.6	13	7.1	2.9	1.5	14	17.0	14	1.6
National Fuel Gas	12	12.1	10.2	0.7	9	7.8	7.1	2.7	18	15.5	6	8.1
Washington Gas Light	13	10.7	13.2	1.0	14	6.5	7.0	3.8	16	15.9	10	6.1
UGI	14	10.4	1.2	0.9	12	7.2	3.1	1.1	1	23.4	13	2.7
WICOR	15	9.7	9.0	1.0		**	**	2.0	9	18.5	16	0.0
Atlanta Gas Light	16	9.5	10.3	0.9	15	6.2	6.8	1.6	4	22.1	15	0.9
No Indiana Pub Svc	17	8.4	10.5	0.9	16	5.4	6.0	6.7	12	17.9	18	–6.8
Gas Service	18	7.6	3.6	0.8	16	5.4	3.8	0.6	7	19.0	17	–3.4
Primark	19	4.9	5.3	0.8	18	3.9	4.4	0.9	19	14.7	19	–13.8
Medians		13.2	10.6	0.7		7.7	6.9	2.7		18.3		6.1
Industry medians		15.4	12.5	0.7		8.9	7.2	3.4		19.1		8.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
**Not available; not ranked.

With another poor year in prospect for oil service companies, the worst isn't over yet.



Oilfield drillers and services

By Robert H. Bork Jr.

AFTER AN ABYSMAL 1983, during which companies wrote off more than $1 billion pretax and laid off thousands of employees, oilfield service chief executives don't see much more than a modest upturn this year. To be sure, exploration is up domestically. The U.S. rig count has trended up to about 2,200 since scraping bottom at 1,807 in April, and the number of seismic crews conducting soundings for oil has grown to about 450 from a nadir of 402 during the same month.

But for the most part oilmen remain unimpressed. "There are quite a few signs of improvement in the air, but it's in the air more than it is in reality. It's nowhere near back to anything good yet," says John Wallace, chief executive of $2 billion (sales) Petrolane Inc., which ran in the red for the latest 12 months, as opposed to its respectable 18.9% five-year average return on equity.

A few years ago there was so much drilling that nobody counted the cost. Now, with more capacity than demand for it, drilling costs are way down, about 28% since 1981. Why haven't the lower prices stimulated drilling? It's an old story. "People buying a new car assume that they are going to get a better deal tomorrow or

Oilfield drillers and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
L B Foster	1	39.8%	def	0.8	21	8.8%	def	def	22	2.8%‡‡	22	–40.1%‡‡
Schlumberger	2	33.6	21.7%	0.1	1	31.1	20.3%	20.5%	7	22.6	2	27.9
Global Marine	3	28.9	13.7	1.3	11	13.3	6.6	14.0	2	27.5	1	86.5
SEDCO	4	27.9	33.8	0.5	4	15.5	18.2	23.6	19	8.6	4	23.0
Western Co No Amer	5	23.1	def	1.3	18	11.5	2.9	def	1	31.7	5	20.8
Kaneb Services	6	22.1	16.2	0.9	12	13.2	9.4	9.2	3	27.3	13	9.9
Geo International	7	20.7	def	0.6	2	17.2	def	def	8	22.4	18	4.5
Baker International	8	19.9	def	0.5	5	15.0	def	def	4	26.8	6	16.8
Sidewater	9	19.3	9.5	0.6	14	12.8	6.7	8.8	13	19.2	15	9.4
Parker Drilling	10	19.3	def	0.8	7	14.3	0.9	def	6	25.8	10	14.4
Reading & Bates	11	19.2	7.3	0.9	15	12.3	5.4	8.1	12	19.3	8	15.6
Cameron Iron Works	12	19.2	def	0.4	8	14.0	def	def	14	16.6	11	14.3
Petrolane	13	18.9	def	0.4	9	13.8	def	def	15	16.5	16	8.7
Halliburton	14	18.4	9.5	0.2	3	15.6	8.6	5.8	18	11.8	12	10.6
Zapata	15	17.7	11.7	0.9	20	9.4	7.0	10.7	21	5.4	3	23.4
Big Three Industries	16	17.2	8.4	0.3	13	13.2	7.0	7.6	11	19.3	9	14.5
Rollins	17	17.1	1.8	0.0	6	14.7	1.9	1.0	16	12.8	17	7.5
Hughes Tool	18	16.5	def	0.5	9	13.8	0.9	def	5	26.2	7	16.0
NL Industries	19	14.8	def	0.4	16	11.7	def	def	20	5.7	14	9.4
Smith International	20	13.5	def	0.2	17	11.5	def	def	9	22.0	20	3.8
Dresser Industries	21	13.2	0.1	0.2	19	11.1	0.9	0.1	17	12.0	19	4.0
McDermott Intl	22	8.6	7.4	0.3	22	6.3	6.0	3.0	10	20.0	21	–9.2
Industry medians		**19.2**	**1.9**	**0.5**		**13.3**	**2.4**	**0.6**		**19.3**		**12.5**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. def: deficit.

the next day or next month, so they don't rush out and buy one today. People who drill wells are probably the same way," says Dresser Industries Vice President Herbert Ryan. Certainly they haven't been rushing out to buy Dresser's rigs. Dresser was barely in the black last year.

Nor is there any hope from overseas markets. "The international scene is still sagging right now as far as we're concerned. Rig counts are falling. There are currency problems. And on top of that there has been a migration of excess equipment from the U.S.," says Wallace of Petrolane.

"This is an industry with a history of oversupply and undersupply and not one that moves smoothly between them," observes Ron Lassiter, chairman of Zapata Corp., a major offshore drilling contractor.

When is the next swing? James Lesch, chairman of $1.6 billion (sales) Hughes Tool Co., the world's largest maker of drill bits, thinks it might not come until 1988. Hughes predicts only small increases in U.S. drilling activity this year: average active U.S. rigs up 6.1%, to 2,425 from 2,285, and drilling expenditures up 12%, to $21.5 billion from $19.2 billion. Dresser predicts a modest decline, to an average 2,200 rigs. The optimists, like Baker International Corp., expect a steady climb through the year to 3,000, for an average of about 2,550. But even if the optimists are right, the figure would still be 40% below the best levels of the early 1980s.

Is there no good news in sight? Yes, there is. The industry has been forced to reduce its break-even point by about one-third. "Everybody's gone after their capital base and their cost structure with a meat ax," says Ronald Turner, a Baker vice president. Dresser's Ryan thinks an active rig count of 3,000 could bring back peak profit margins. "We're at a point where every increase in volume will be accompanied by a proportionately higher increase in margins," echoes Thomas Cruikshank, CEO of $7 billion (sales) Halliburton.

Who will feel the pickup first? Companies that make expendable products like drill bits and drilling mud have an obvious advantage over makers of rigs and other capital goods like McDermott International, Parker Drilling and Cameron Iron Works, where it may be years before demand picks up.

On the expendable side, drill bit manufacturers like Smith International Inc. began recalling workers in 1983, despite its deficit for the latest 12 months in return on capital. Smith's red ink came mainly from an $85 million writeoff of inventory, property, plant and equipment in the third quarter. Lesch of Hughes Tool says he probably will bring back workers later this quarter.

Why was industry profit leader Schlumberger Ltd. able to hold up so nicely with a 20.3% return on capital for the latest 12 months? Well, when your oilfield operating margins are averaging 40%, a dip of a few points doesn't affect you as severely as it would a weaker company. And one way number two SEDCO Inc. was able to rack up an 18.2% return on capital was by writing long-term rig rental contracts while others were taking shorter terms. When the market collapsed, SEDCO was covered and the others were not.

So, there are signs that the bottom is near for this industry. But there may be yet one more big bump. Says Chairman Wallace of Petrolane: "I think a lot of the companies in this business have hung on by their fingernails. But when this winter quarter hits, I believe the last plug will be pulled." ■

Life without banks

With commercial banks burned badly in the oilpatch, service companies are being forced to prop up ailing customers and finance their products. Some with strong balance sheets, like Halliburton, are simply offering longer credit terms. But companies like the Western Co. of North America, which already has too much leverage for its own good, can't do that. So they are, in some cases, taking an interest in their customers' fields as partial payment.

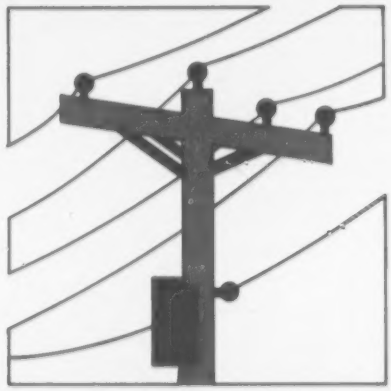
Perhaps the most innovative financing was devised by a small, debt-ridden, private Oklahoma producer called PCX Corp. Partners David Palm and Greg Cook formed a new company, Palm-Cook Production, and convinced several suppliers to invest $32 million worth of services and equipment in a 108-well drilling program in an area of proven but undeveloped reserves. With an additional $18 million loan from Continental Illinois, the company hopes to keep six rigs busy for a year.

What made the bank go along with the deal? Self-preservation. It was their best hope for collecting several million dollars of debts owed by Palm's other production company, PCX. After the suppliers are paid for drilling the 108 wells, additional income will pay off PCX' loans and bills.

There could be more deals like that this year. "Creative financing is going to be a major factor in the energy market for a number of years," says Ken Miller, Smith Barney's oil service analyst.—R.H.B.

Roughnecks at work on Texas oil rig
Makers of expendable goods, like drill bits, will fare best.

This industry may have stopped growing. That's good for shareholders if not for suppliers.



Electric utilities

By Joan A. Briggs

WE'RE NOT GOING TO BUILD any more power plants. Ever again," says Thomas Page, chief executive of San Diego Gas & Electric Co. "We believe our ability to serve our customers hinges on our ability to transmit power from other areas of the country where there's a surplus to this area."

Everybody knows that utility growth has slowed down. What people can't agree upon is whether it will resume again and at what pace. Page thinks there will be continuing surpluses for two reasons: the fundamental economic shift from smokestack industries toward chip-based industries and customer conservation measures that are already in place. "I'm a bit of a contrarian," he says. "I believe the industry's growth rate is going to be much lower than most people are forecasting and that it may even be negative. The nation is a vast pool of electrical energy. Our job will be to transmit it from one place to another, to be energy managers."

Page isn't as much of a contrarian as he thinks. The Edison Electric Institute projects an average annual growth rate of 2.5% to 3% for the rest of the decade, but that's not enough growth to require vast infusions of new capacity. "We think we are passing through the peak of building now," says Richard Braatz of the EEI. "The industry expected to spend $36.7 billion in 1983. In 1984 it expects to spend $35 billion. By 1987 the number will be down to $28 billion."

Bad news? No, good news. "It gave a higher multiple to companies that have completed their building programs, such as Con Edison and Wisconsin Electric," says Ernest Liu, Goldman, Sachs' utility stock analyst. By contrast, he says, the market gave a lower multiple to companies still building, especially if they are

Electric utilities

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Northeast												
United Illuminating	1	15.4%	18.7%	0.9	2	8.8%	10.0%	17.7%	2	14.7%	9	4.7%
New England Electric	2	15.4	18.3	0.8	9	7.3	8.3	10.1	15	10.6	1	9.8
Commonwealth Energy	3	14.1	19.1	0.7	12	6.8	8.3	6.0	14	11.3	5	6.5
N Y State Elec & Gas	4	13.8	14.3	0.9	3	8.3	8.5	16.6	8	13.3	7	5.7
Long Island Lighting	5	13.7	15.0	0.6	1	9.1	9.7	20.6	3	14.7	15	1.8
Niagara Mohawk Power	6	13.5	15.6	0.8	4	8.0	8.9	11.7	5	14.1	8	5.3
Orange & Rockland	7	13.3	14.1	0.6	7	7.4	7.9	7.0	12	12.5	4	6.6
Consolidated Edison	8	13.3	15.3	0.6	6	7.6	8.9	10.1	17	10.1	2	9.6
Rochester Gas & Elec	9	12.6	14.9	0.8	5	7.8	8.8	11.0	4	14.3	6	6.4
Penn Power & Light	10	12.5	12.6	0.9	11	6.9	6.7	25.3	16	10.4	16	1.2
Delmarva Power & Lt	11	12.5	15.2	0.9	8	7.3	8.2	13.0	9	12.9	10	3.8
Atlantic City Elec	12	12.0	14.9	0.8	10	7.1	8.0	12.6	6	13.7	14	2.2
Boston Edison	13	12.0	12.2	0.8	16	5.8	6.0	6.8	13	11.7	3	7.5
Northeast Utilities	13	12.0	17.3	1.2	12	6.8	8.4	11.1	1	14.9	13	2.8
Phila Electric	15	11.8	13.8	1.0	15	6.6	7.2	14.8	10	12.8	11	3.3
Pub Svc Elec & Gas	16	11.8	13.0	0.7	14	6.7	7.3	9.8	11	12.6	12	3.0
General Public Utils	17	3.1	3.2	0.9	17	3.8	3.8	1.9	7	13.5	17	–20.7
Medians		**12.6**	**14.9**	**0.8**		**7.3**	**8.3**	**11.1**		**12.9**		**4.7**

Note: Explanation of Yardsticks calculations on page 38

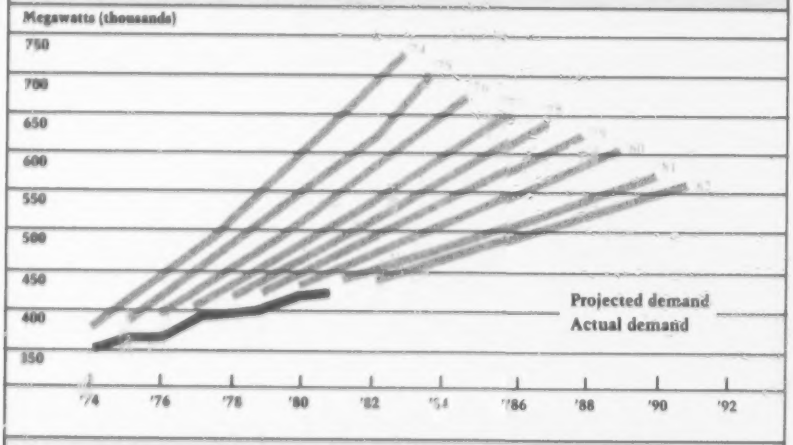
building nuclear power plants like Public Service of Indiana and Cincinnati Gas & Electric. So far as Wall Street is concerned, stagnation is in, expansion is out. In their expansion phase, utilities were in a no-win situation. High interest costs made the building of long-lead-time utility plants terribly expensive, while "populist" rate commissions refused to make the power companies whole.

Charles McNeer, chief executive of Wisconsin Electric Power, now has just two new coal-fired plants under construction, one wholly owned, one 25% owned. Once they start generating electricity next year, McNeer figures he's home free. "We won't need to think about building again until the late 1990s," he says. "And we've been able to ask for a rate reduction. We're confounding our critics."

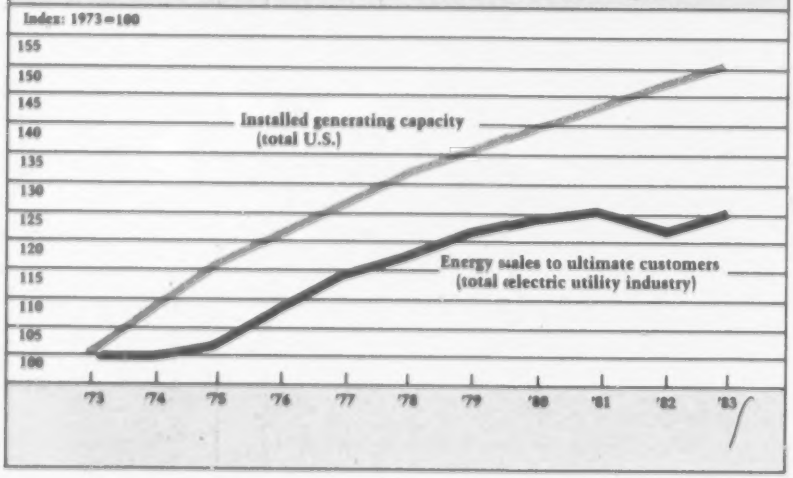
Another executive pleased to be through with building power plants for a while is William Berry, chief executive of Dominion Resources, the new holding company for Virginia Electric Power Co. The company, which operates four nuclear reactors, has canceled three others for lack of demand and a fourth because of high construction estimates. Berry hopes to learn early this year how the regulatory commissions that govern VEPCO will allow it to deal with the $500 milllion it invested in the last of those canceled reactors. Must the company simply write off the expen-

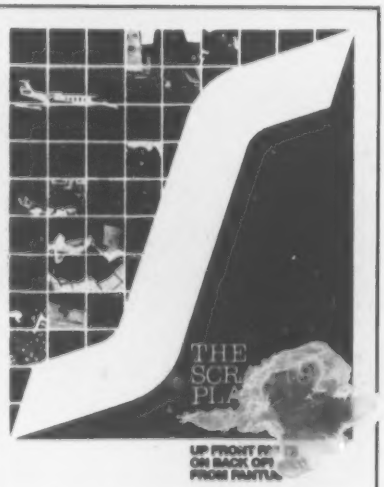
Inelastic demand?

Every year since 1974 the electric utilities have lowered their demand projections. And every year since 1974 actual demand has turned out to be even lower than expected.



Over 140 power plants have been scrapped since 1973. Since then generating capacity has increased 50%, demand 20%. Small wonder some utility men say they'll never build a power plant again.





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diture? If so, over how many years? Or will it be allowed to include it in the rate base and perhaps earn something on it? "It's a big item for us," says Berry. "A very big item."

Meanwhile, Berry has been trying to repair his highly leveraged balance sheet by selling part interests in two of his remaining four nuclear reactors to their customers, a group of electric cooperatives. VEPCO's only building project is a $1.6 billion pumped-storage hydro facility in western Virginia. It will be available in 1985 and, says Berry, is ahead of schedule and under budget. "This is our last project," he adds, "until sometime in the 1990s."

But some electric utilities still have very active building programs. Keith Turley, chief executive of Arizona Public Service, is managing the construction of three huge nuclear power plants, Palo Verde No. 1, No. 2 and No. 3. Construction of the plants is draining the company dry. "The commission didn't grant us a rate increase," says Turley. There was a change in commissioners, he explains. Instead of granting the 5.5% to 6% the hearing officer recommended, the commission granted 0.9%. "Our cash flow turned negative, and our financial condition has deteriorated to the point that all three rating agencies have downgraded us. Now we need an emergency increase."

Certainly the electric utility industry is due for a breather after the tumultuous Seventies, which turned their previously serene world on its ear. Before the oil embargo, technology in new plants lowered the price of a kilowatt-hour. After 1974, with rising fuel bills, inflation and interest rates, new plants increased the price of a kilowatt-hour. The economies of scale simply vanished.

Prior to the Seventies, demand was perfectly predictable: It grew 7% a year—"Like watching paint dry or grass grow," comments Braatz. Utilities, anticipating that growth rate to continue, undertook massive building programs. The energy crisis led them to believe they would get additional growth from residential and industrial customers cut off from natural gas or eager to get off imported oil. Electric cars also seemed likely.

None of these happy things came to pass. Meanwhile, to nearly everyone's surprise, the demand for power proved price-elastic—meaning that when rates went up people used less. That, in turn, has led to dozens of canceled power plants and to the current generating overcapacity.

So, for the first time in years, utilities are advertising, and some, like Detroit Edison and Philadelphia Electric, are offering discounts to industrial customers, justifying that step to regulators in the name of job creation.

Is a new era at hand for the embattled industry? An era when capital needs can be met out of cash flow instead of with costly outside financing? If inflation stays low, they won't have to keep asking for rate increases and may even begin asking for rate reductions. The industry might cease being a whipping boy for publicity-hungry "consumerists."

Alas, it is too soon to break out the champagne. Close to 60% of utility

Electric utilities

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Midwest												
Iowa-Illinois G & E	1	15.6%	18.3%	0.8	9	7.4%	7.9%	12.4%	5	14.5%	5	7.5%
Public Service Indiana	2	15.6	16.1	0.7	3	7.7	7.5	27.8	17	13.1	8	6.4
Wisconsin Pwr & Lt	3	14.8	16.5	0.7	5	7.5	8.2	9.6	8	14.0	2	8.3
No States Power	4	14.7	17.5	0.7	15	7.1	8.1	10.9	19	11.7	4	7.5
Indianapolis Pwr & Lt	5	14.6	16.4	0.6	11	7.4	8.2	17.4	21	11.3	7	6.9
Wisconsin Public Svc	6	14.3	16.6	0.6	13	7.2	8.1	8.4	6	14.2	3	7.6
Kansas Power & Light	7	14.3	16.5	0.7	8	7.5	8.3	13.5	9	13.9	10	5.7
Illinois Power	8	13.8	16.5	0.8	5	7.5	8.2	15.2	4	15.3	15	3.2
Allegheny Power	9	13.8	15.4	0.9	12	7.4	7.9	9.5	3	15.5	9	5.7
Wisconsin Elec Power	10	13.6	15.6	0.6	9	7.4	8.5	10.4	7	14.1	1	8.5
Union Electric	11	13.5	17.2	0.9	19	6.7	7.5	19.7	22	10.9	12	4.0
Cleveland Elec Illum	12	13.4	15.9	0.8	2	7.8	8.6	19.3	20	11.7	19	1.9
Kansas City Pwr & Lt	13	13.2	17.6	0.9	20	6.5	7.6	21.4	10	13.9	11	5.3
Central Ill Pub Svc	14	13.0	15.4	0.7	17	6.8	7.4	11.2	15	13.3	16	3.0
Cincinnati G & E	14	13.0	15.2	1.0	7	7.5	7.9	11.0	13	13.5	14	3.3
Central Illinois Lt	16	12.9	14.7	0.6	23	6.0	6.5	8.6	11	13.8	6	7.1
Dayton Power & Light	17	12.9	14.3	1.0	1	8.0	8.4	12.5	14	13.4	13	3.9
Toledo Edison	18	12.3	14.5	1.0	4	7.6	8.1	24.0	16	13.2	22	–0.2
Commonwealth Edison	19	12.2	16.7	0.9	18	6.7	8.1	17.3	12	13.8	20	1.9
Ohio Edison	20	11.8	13.4	1.2	14	7.2	7.6	16.5	18	13.1	21	0.9
Consumers Power	21	11.4	11.2	0.9	22	6.4	6.6	11.8	23	10.7	18	2.2
Duquesne Light	22	10.9	12.4	0.9	21	6.5	6.9	17.2	24	10.3	23	–1.1
American Elec Power	23	10.8	10.7	1.1	16	7.0	6.6	8.9	2	15.6	24	–1.2
Detroit Edison	24	10.8	13.0	1.1	24	6.0	6.2	15.3	25	9.6	17	2.7
No Indiana Pub Svc	25	8.4	10.5	0.9	25	5.4	6.0	6.7	1	17.9	25	–6.8
Medians		**13.2**	**15.6**	**0.9**		**7.2**	**7.9**	**12.5**		**13.5**		**3.9**

Note: Explanation of Yardsticks calculations on page 38

Earnings magic

An intelligent reading of the FORBES Yardsticks on the electric utilities takes a bit more effort than it does for other industries because of the peculiarities of regulatory accounting. In most industries, the higher the return on equity the better. But in utilities a high return on equity may be almost meaningless. It can signify a high degree of noncash earnings and a possibly burdensome capital spending program. Here's why:

Most state commissions do not permit utilities to include in their rate base capital investments that are not yet producing. Nor can they expense interest costs on the money borrowed for the construction. Since the lead time on a utility plant can be a decade or more (with a nuclear plant), the sums involved may be tremendous. This means that while the utility pays huge amounts of interest, it doesn't deduct the interest from earnings. Earnings, therefore, look much better than they really are.

Instead of expensing the interest, the utilities capitalize it. That is, they add it to the cost of the new plant on their books. In theory, they will get the money back over a long period of time when the new plant is operating and is included in their rate base. In theory. Several nuclear plants—Lilco's Shoreham plant and Cincinnati Gas & Electric's Zimmer plant, notably—may be prevented from operating by politicians bending to antinuke pressures. What happens then to the investment and to all that capitalized interest?

Keep in mind that we are not talking about petty cash: Such allowances for funds used during construction account for 60% of all utility earnings.

We forgot to mention "rate shock." That's what happens to consumers when a new plant comes into the rate base and sends their rates up 50%. The customers don't like that. They complain to the politicians. So utility rate commissions are starting to require that the new plants be added to the rate base piecemeal, over a three-year or four-year period. That eases the pain for the customer but means, bottom line, that the utility reports "phony" earnings a while longer.

Another thing that is topsy-turvy in utilityland is the question of equity ratios. In most businesses a high common equity ratio is desirable. Not necessarily so in utilities. The more equity on the balance sheet, the higher the cost of capital, and the higher electric rates become. Nonetheless, overall the utility industry's common equity ratio has increased from 35.9% in 1979 to 38.7% today. This represents a substantial increase in a hugely capitalized industry. It is as much caused by difficulty in selling bonds as by fiscal conservatism. Where bonds can't be sold equity often must be—often resulting in severe dilution. A relatively low (but not rock-bottom) debt ratio, then, may indicate that the company has had to sell quantities of new equity, perhaps below book value, to maintain reasonable financial health.—J.A.B.

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earnings in 1983 resulted from capitalizing financing costs and adding them back on the income statement, as required by the commissions. Any way you look at it, those were "phony" earnings. This add-back component should begin to decline in 1984 and 1985 as building programs wind down, putting pressure on reported earnings. And sluggish revenue growth, while holding down capital budgets, is no bonanza in the long run. Electricity sales were up about 2.2% in 1983, but that was due largely to the heat wave through much of the country. Pacific Gas & Electric, for example, reports sales down 1% in 1983 and expects them to be down again in 1984. Dale Steffes, a Houston-based consultant, forecasts a 2% average annual decline in kilowatt-hour sales for the rest of the decade.

Then there is the nuclear problem. Antinuclear activists have made things so tough for nuclear plants, delaying them repeatedly and frightening the public, that their costs have soared. So, what could have been a long-term benefit for the American people has become an albatross for the industry. A number of companies—including Long Island Lighting, Public Service of Indiana, Cincinnati Gas & Electric and Dayton Power & Light—are still struggling to get their new nuclear plants on line.

Those not afflicted by nuclear problems have acid rain to worry about. Old coal-burning plants, such as Indianapolis Power & Light and American Electric Power, may be legislated into huge expenditures for reequipping.

So, no, happy days aren't yet here for this industry. Quite a number of utilities seem concerned about the long-term survival of the industry and are forming holding companies and getting into other businesses. "We don't want to wait to do it until the commission tells us we can't," says Zane Todd, chief executive of Indianapolis Power & Light. ■

Electric utilities

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Southeast												
TECO Energy	1	14.4%	15.0%	0.7	5	6.9%	7.1%	11.1%	6	14.1%	2	7.0%
Duke Power	2	13.8	14.6	0.8	1	7.5	7.8	17.4	12	11.9	1	7.9
Potomac Elec Power	3	12.8	14.7	0.9	4	7.1	7.7	11.9	13	11.2	3	6.3
Florida Power & Lt	4	12.7	13.9	0.8	7	6.6	6.9	10.0	2	16.0	4	5.8
Baltimore Gas & Elec	5	12.6	14.4	0.8	2	7.2	7.9	12.3	10	12.8	5	5.4
Carolina Pwr & Lt	6	12.4	12.9	0.8	6	6.8	6.8	14.8	9	13.2	7	3.0
Middle South Utils	7	12.4	13.0	1.3	3	7.1	7.5	12.0	1	16.4	10	1.7
Southern Company	8	12.2	14.1	1.0	13	6.1	6.6	9.6	8	13.6	6	3.1
So Carolina E & G	9	12.1	13.2	0.8	10	6.3	6.6	11.1	4	15.1	9	1.8
Florida Progress	10	12.1	14.1	0.9	11	6.2	6.6	7.7	5	14.4	8	2.8
Louisville Gas & Elec	11	11.0	12.5	0.8	12	6.2	6.4	9.2	3	16.0	12	0.6
Kentucky Utilities	12	10.5	13.1	0.8	8	6.5	7.6	12.4	11	12.3	11	0.8
Dominion Resources	13	10.1	11.1	1.0	9	6.4	6.6	9.5	7	13.8	13	0.3
Medians		**12.4**	**13.9**	**0.8**		**6.6**	**6.9**	**11.1**		**13.8**		**3.0**
Southwest												
Southwestern Pub Svc	1	18.2%	21.3%	0.9	2	8.5%	10.6%	13.1%	4	17.6%	4	4.6%
Texas Utilities	2	15.1	15.3	0.8	3	8.4	8.4	13.0	2	18.5	1	8.0
Central & South West	3	15.1	15.7	0.7	4	7.7	8.4	11.1	7	16.4	2	6.6
Arizona Public Service	4	14.0	15.0	0.8	1	8.7	9.0	24.1	6	16.4	6	2.9
Gulf States Utils	5	13.5	16.0	0.9	5	7.6	8.9	16.0	2	18.5	3	4.7
Houston Industries	6	12.8	15.7	0.8	6	7.2	8.0	7.5	1	28.0	5	3.6
Oklahoma Gas & Elec	7	12.4	15.4	0.8	7	6.6	7.7	12.1	5	16.5	7	1.4
Medians		**14.0**	**15.7**	**0.8**		**7.7**	**8.4**	**13.0**		**17.6**		**4.6**
West												
Southern Calif Edison	1	14.4%	17.5%	0.9	2	8.7%	10.0%	15.4%	10	15.1%	2	5.8%
Montana Power	2	13.5	14.6	1.0	4	8.0	7.5	16.3	8	16.7	1	6.1
Pacific Pwr & Lt	3	13.3	15.3	1.1	5	7.9	8.4	15.2	1	23.8	4	4.3
Pacific Gas & Elec	4	13.2	14.0	0.8	3	8.5	8.8	11.7	7	16.8	3	5.6
San Diego Gas & Elec	5	13.1	16.7	0.7	1	8.8	10.3	11.0	2	21.0	7	2.6
Portland Genl Elec	6	12.4	12.8	1.0	6	7.8	8.6	23.9	6	18.5	6	3.1
Utah Power & Light	7	12.1	13.6	0.9	7	7.4	7.5	18.2	3	20.2	5	3.4
Puget Sound Pwr & Lt	8	11.6	10.1	1.0	8	7.0	6.2	18.6	9	15.9	10	–0.2
Public Service Colo	9	11.3	11.7	0.8	9	6.7	6.8	6.5	4	19.9	9	0.7
Hawaiian Electric	10	9.6	8.3	0.7	10	6.0	5.7	4.4	5	19.5	8	2.3
Medians		**12.8**	**13.8**	**0.9**		**7.9**	**8.0**	**15.3**		**19.0**		**3.3**
Industry medians		**12.9**	**14.9**	**0.8**		**7.2**	**7.9**	**12.1**		**14.0**		**3.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38

"I'd rather be called a son of a bitch for not delivering than for not making a profit," says Gerry Mitchell of Dana Corp. Yes, things are getting better—but don't get too excited.

Auto suppliers

By John R. Dorfman

STARTING FROM A BASE YEAR as hideous as 1982, auto supply companies catering mainly to the original equipment market, such as Libbey-Owens-Ford Co., Dana Corp. and A.O. Smith Corp., haven't had much trouble showing 1983 earnings that are around twice 1982's. Many of them even have a fair shot at doubling earnings again in 1984. So it might be tempting to assume that the auto suppliers are out of the woods.

The Yardsticks show it is not true. Median return on equity for partsmakers the past 12 months was a mediocre 11.2%, and for the tire and rubber companies a poor 6.5%. Average earnings-per-share growth for the past five years has been negative. And the median net profit margin for all auto suppliers is now down to 2.7%. In 1977 it was 4.8%. Anyone want to bet the auto manufacturers will now start treating their suppliers more generously? Don't. "The manufacturers are really going to keep the pressure on the suppliers," notes Pete Van Hull, automotive consultant with Arthur Andersen & Co.

The replacement parts crowd, led by such companies as Federal-Mogul Corp., Borg-Warner Corp. and Genuine Parts Co., has shown less volatility in earnings than the original equipment manufacturers—naturally, since people have to repair their cars even during recessions. But our Yardsticks show that the replacement parts companies have generally fared no better than their original equipment brethren.

While things are getting better, the industry is still reeling from the totally unfamiliar shocks of the last five years. Frederick Mancheski, chairman of Echlin Inc., a Branford, Conn.-based parts supplier with sales approaching $600 million, sums it up: "In the summer of 1979," Mancheski recalls, "gasoline prices shot up. In the fall interest rates nearly doubled [from year-earlier levels]. In our industry, wholesalers—or, as we call them, jobbers—tend to be sharply leveraged with debt. When interest rates rose, they reduced their inventories substantially. They had to keep themselves solvent. Jobbers then tried to return slow-moving merchandise to regional warehouse distributors, and they, in turn, tried to return it to us. So our normal growth in unit sales of 3% to 4% was entirely absorbed by the shrink in inventory." Now, with Detroit out of the intensive-care unit, there's some inventory rebuilding. But, as Mancheski says, "the customers have learned to live with thinner inventories." And that's not likely to change soon. For $50,000 to $100,000 a jobber can install a computerized inventory control system that lets him run an operation just as efficiently with 30% less stock than was common back in 1979.

Mechanic at work
The sparks are flying again.

For years replacement partsmakers ranked with food companies and pharmaceutical houses as good recession-resistant investments. If people can't afford new cars, they will fix up their old ones. But that wasn't the way it happened this last time: Repair spending grew a paltry 4.7% annually, from $66.9 billion in 1979 to $76.8 billion in 1982. With fuel prices high, people were driving less. And an increased percentage of driving was local. If you're only going to the grocery store, why fix the shock absorbers?

True, long-distance travel is now coming back—both vacations and intercity freight. So maintenance long deferred is now being done. At car dealers, repair revenue was up about 10% for the first ten months of 1983. Truck fleets, too, are breaking out the wrenches. That's good news for Southfield, Mich.'s Federal-Mogul. Says F-M Chairman Thomas Russell: "I'm looking for no less than a 10% to 15% increase in operating profits in 1984." Others are even more optimistic, perhaps because they are not burdened with Federal-Mogul's slow-recovering farm equipment and off-road vehicle markets.

But just how profitable Detroit's rebound will be to the auto suppliers remains to be seen. While carmakers are making more money, in part because consumers are buying bigger, pricier cars, they are not paying any more for parts nor buying as many more as you might think. The 10.25 million cars and trucks from domestic manufacturers Nelson expects to be sold in 1984 still fall well short of the 13.7 million-unit peak in the 12 months ended March 1979. And that's with stiff quotas on Japanese imports. So, while the carmakers can get buyers to swallow at least some price increases, few auto suppliers see much chance for price hikes. Competition, both domestic and foreign, has been keeping the lid on.

"We're still facing the price competition of offshore supply," says Gerry Mitchell, Dana's chairman. He doesn't mean only Japan, by the way. A lot of it comes from places like the key debtor nations of South America.

"As long as we're not going to put great pressure on Mexico, Brazil and Argentina to repay their debts—and I don't think we should—they are going to force us to hold down our prices. So I don't really anticipate price increases in 1984."

But there are bright spots, Mitchell says. "We've had pretty substantial productivity gains over the recession. I think we're a good deal more competitive than we were."

Right now, companies like Dana and Cummins Engine Co., Inc. have the wind at their back since they specialize in what is currently the hottest segment of the auto supply business: original equipment for the truck market. This year should be a great one for trucks *(see p. 109)*. "It's now in the silly stage," says Mitchell. "Heavy trucks didn't begin to move until September. At the moment the manufacturers are more limited by the ability to get parts than by the ability to get orders. Big leasers who were ordering 50 trucks suddenly don't want 50; they want 100. So suppliers are being urged to speed up delivery to earn the chance for a second order. But that's a nice change from having pressure on profits all the time. I'd much rather be called a son of a bitch for not delivering than for not making a profit."

Look over the performance Yardsticks below, however, and you can see at a glance how difficult this period has been, even for the profit leaders. Snap-on Tools Corp. is the leading producer of tools for auto mechanics, but its return on equity has been dropping from 28% in 1979. Its tactics these past several years have included salary and production freezes and some temporary plant shutdowns. Snap-on's balance sheet remains unusually strong, as can be seen from a glance at the debt/equity Yardstick. The same goes for Genuine Parts, Rockwell International Corp., TRW Inc., Borg-Warner and Champion Spark Plug Co.

Genuine Parts, the $2 billion (sales) Atlanta-based distributor, has maintained good margins in its highly competitive field and has been improving them slowly but steadily over the last ten years. Early and extensive

Auto suppliers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tire and rubber												
Goodyear	1	8.8%	7.0%	0.4	1	7.3%	7.0%	2.3%	3	7.4%	1	2.9%
Armstrong Rubber	2	6.4	13.1	0.5	2	6.3	10.0	3.0	1	9.3	2	–2.0
Genl Tire & Rubber	3	6.4	6.0	0.2	3	5.5	5.5	2.8	4	2.0	4	–7.8
B F Goodrich	4	3.7	def	0.6	4	4.8	2.3	def	2	7.5	3	–7.8
Firestone	5	2.8	7.3	0.3	5	3.1	5.7	2.4	5	1.4	5	–11.4
Uniroyal	6	def	4.8	0.8	6	1.8	4.7	1.6	6	–1.8	6	P–D
Medians		**5.1**	**6.5**	**0.5**		**5.2**	**5.6**	**2.4**		**4.7**		**–7.8**
Partsmakers												
Lear Siegler	1	22.1%	15.2%	0.3	4	14.8%	12.1%	4.5%	6	12.3%	1	16.0%
Snap-On Tools	2	21.8	16.4	0.1	2	19.2	14.8	8.7	5	13.7	4	14.0
Purolator	3	20.5	21.9	0.5	3	15.1	15.6	3.9	4	14.4	3	14.0
Genuine Parts	4	20.2	17.6	0.1	1	19.5	16.9	5.1	3	14.7	5	12.8
Rockwell Intl	5	18.5	18.8	0.1	5	14.6	15.9	4.8	19	6.4	2	15.6
TRW	6	17.4	12.2	0.2	9	11.5	8.6	3.5	8	10.9	10	7.7
Federal-Mogul	7	16.3	14.2	0.5	6	12.4	10.1	5.1	11	10.6	8	11.2
Johnson Controls	8	14.6	15.3	0.3	8	11.6	12.3	4.5	1	25.4	7	11.9
PPG Industries	9	13.9	12.1	0.3	11	10.4	8.9	5.8	15	8.1	9	10.8
Borg-Warner	10	13.5	12.1	0.2	7	12.3	10.9	5.1	13	8.9	6	12.5
Hoover Universal	11	13.1	17.2	0.5	12	9.7	12.2	4.1	17	7.6	12	0.6
Echlin	12	12.6	14.5	0.3	10	10.7	11.9	5.4	2	14.9	11	3.3
Dana	13	11.2	6.6	0.3	13	9.6	6.4	2.6	7	11.1	13	–1.0
Easco	14	11.1	9.0	0.8	15	8.4	6.5	1.9	10	10.7	14	–2.3
Champion Spark Plug	15	9.0	5.8	0.1	14	8.5	5.6	2.8	14	8.2	16	–7.0
Arvin Industries	16	7.9	7.8	0.5	17	6.5	6.6	2.5	22	4.8	17	–7.8
Barnes Group	17	7.4	def	0.5	16	7.0	def	def	9	10.8	15	–6.4
Dayco	18	6.5	1.8	1.3	21	5.0	2.9	0.4	18	7.3	18	–10.3
Sheller-Globe	19	5.9	10.2	0.8	19	5.2	7.4	2.6	24	2.9	23	–17.1
Cummins Engine	20	5.6	def	0.4	20	5.1	def	def	12	9.4	19	–11.3
Libbey-Owens-Ford	21	5.4	4.8	0.3	18	5.8	5.3	2.3	20	6.2	20	–12.3
Eaton	22	5.0	2.0	0.5	23	4.3	3.7	0.8	16	7.9	22	–16.5
Allen Group	23	4.5	def	0.9	22	4.7	2.3	0.0	21	5.7	21	–13.6
A O Smith	24	2.1	2.2	0.5	24	3.2	3.7	0.5	23	3.7	24	–17.7
Medians		**11.9**	**11.2**	**0.4**		**9.7**	**8.0**	**3.2**		**9.2**		**–0.2**
Industry medians		**8.9**	**8.4**	**0.4**		**7.9**	**6.8**	**2.7**		**8.2**		**–2.2**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**9.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

use of computers for tight inventory control has been a major reason for this success. Return on equity might look even stronger if the company used more debt leverage. But, in contrast to many of the 5,000 or so jobbers to whom it sells, Genuine Parts keeps debt totals so small you need a magnifying glass to find them.

In this age of diversification, of course, it's important to remember that the numbers for several of the companies listed in the table are skewed by nonautomotive operations. Lear Siegler, Inc., for example, gets less than 30% of its sales from auto supplies; 60% of its business is in aerospace, machine tools and electronics. Highly diversified Borg-Warner and TRW get only about 30% of sales here, Rockwell International only about 18% (which is still well over $1 billion). Libbey-Owens-Ford gets roughly 40% of revenues from sales to the auto industry, PPG Industries, Inc., considerably less.

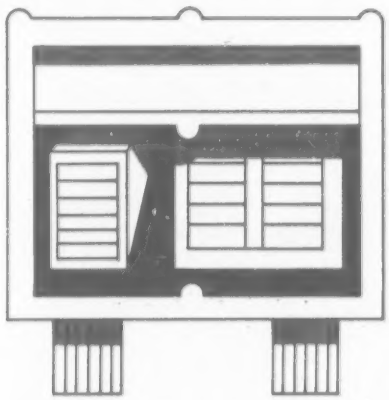
A glance at the bottom of the list is instructive, too. Take A.O. Smith, a company that's now back in the black after moneylosing years in 1980 and 1982. Smith specialties include frames for big cars and light trucks (mainly for General Motors), both of which are now selling well. So why is Smith hurting? Because of big losses in its agricultural-products operation. Meanwhile, Sheller-Globe Corp., still fairly highly leveraged despite a recent stock offering, is trying to blast its way out of the doldrums through capital spending and acquisitions.

Results for the tire and rubber group, most of which have diversified into almost anything that isn't round and doesn't roll, continue to range from dismal to uninspiring. Chemicals have been their favorite diversification, but in many product lines they have merely gone from one buyer's market to another.

What it all boils down to is that the dynamics of the auto supply business have changed as permanently in the last several years as those of the industry it serves. Companies that fail to rework their strategies accordingly may find the sledding even tougher in the years ahead. ■

If you're an aggressive trucker with access to capital, the future is bright. If not, there isn't much you can do about it.

Truckers and shippers



By Lawrence Minard

NEVER BEFORE HAVE we seen so many companies losing money while a very few firms are making piles of money and heading hog-wild into the future," says Ronald Roth, who is director of statistical research at the American Trucking Association.

Look at the Yardstick companies below. For most of them 1983 was a good year. For some it was a great year. Kansas City's big Yellow Freight System, for example, ranked second only to longtime industry profit leader Roadway Services on the Forbes Yardsticks with earnings of $36.4 million in 1983's first nine months, more than Yellow earned in all of 1981 and 1982 combined. Roadway Services, biggest and most profitable of the common carriers, earned 20.2% on equity and nearly as much on its debt-free capital. Roadway would have done better as 1983 progressed were it not for the fact that around 30% of its operating earnings came from interest on its $400 million cash hoard, which shielded Roadway from some of trucking's operating leverage as the economy recovered.

A $280 million cash position also helps to explain why Consolidated Freightways' latest 12-month return on equity dropped sharply from CF's five-year average. A much more leveraged trucker, IU International's $750 million (sales) Ryder/PIE division lost $10 million pretax in 1982, but chalked up $20 million pretax in 1983 and will probably earn over $40 million in the year ahead.

For the big truckers with money, or good credit lines, the winning strategy is obvious: Invest heavily in equipment and route expansion and slug it out for bigger shares of profitable markets. The new investment should help keep operating costs down and enable marketing men to offer superior service. It should also enable the surviving truckers to dictate pricing in the years ahead as the weaker trucking competitors fold.

Like the airlines, the deregulated trucking companies must watch that upstarts with lower cost structures don't skim away the most profitable business. This is especially true in the easy-to-enter truckload segment. Consolidated, Yellow and Ryder/PIE have all lost business to the upstarts but are now fighting back vigorously.

The best way for a trucker to fight low-cost competition is to offer superior service. Some of the majors are attempting to revive the old intermodal concept that was pioneered by shipping companies. Consolidated Freightways, which has been protecting its flanks by pushing deeper into regional markets, announced in 1983 that it would buy freight forwarder Air Express International. "We want to be able to move a shipper's goods from Yokohama to Indianapolis under one roof by however the customer wants it," says Consolidated spokesman Wilbur Grant. It also made sense since Consolidated already owns a do-

mestic air freight operation. The Air Express deal came unstuck in July of 1983, but Grant says his company is looking for a similar acquisition and is expanding its own freight-forwarding operation.

Yellow Freight, meanwhile, is now reaping the rewards of its hub-and-spoke strategy. Over the last three years it has nearly doubled its freight terminals, over 430 today, at considerable cost to its past profitability. These terminals are tied into a cohesive system of 17 hub depots where Yellow's equipment and drivers are based. As a result, Yellow can both reduce deadheading and increase equipment utilization—and offer shippers more flexible schedules.

Not only is this a formidable defense against startup competition, but when "lane density"—the freight volume moving across a system—picks up modestly on certain routes, profits surge immodestly. Yellow Freight's third-quarter earnings rose 200% on a tonnage increase of just 15%.

This immense operating leverage is also beginning to work wonders for IU's Ryder/PIE. In 1983 it consolidated previously separate Ryder Truck Lines and PIE and thus boosted lane density overnight. Ryder/PIE's operating ratio—a trucker's operating expenses, divided by his operating revenues—dropped from over 100% in 1982 to a highly profitable 93% by September.

To the trucking industry's top brass it is a changed world. "Before deregulation," says Jack Schang, Ryder/PIE's president, "the successful companies were the efficient operators. Today that's not enough. Companies that remain operations-oriented and fail to focus on marketing will be the further casualties."

Schang practices what he preaches. In December he introduced a new shipment-tracing service whereby shippers can dial a toll-free number, punch in a purchase invoice number and immediately learn the whereabouts of their shipments.

In recent years the common carriers have been chasing profitable less-than-truckload (LTL) shipments. Few common carriers, under the ICC's suffocating glove, could offer the reasonably priced, tailor-made services demanded by the nation's largest shippers for their truckload hauls—lumber, say, or chemicals. Result: The full truckload business slipped away to the "private carriage" fleets owned and operated by the shippers themselves. William Legg and Michael Walker, two astute analysts at Baltimore's Alex. Brown & Sons, figure that private carriage now accounts for around two-thirds of all trucked tonnage.

But in time deregulation may reverse that, Legg and Walker argue. With operating authorities easy to obtain, a common carrier can now haul a load of steel one way and back-haul a truckload of lumber much more easily than when ICC permission was required for virtually every commodity. The common carriers will be welcomed by the private shippers. "Shippers don't want to be truckers," says Legg. "They are truckers only because until now they have had no alternative." A truckload specialist that Legg recently helped take public, Arkansas-based, nonunion J.B. Hunt (sales, $62 million), boasts an incredibly low 80% operating ratio.

The big truckers are getting the message. In 1983 IU International bought Alabama-based Poole Truck Lines (sales, $55 million), also nonunion and a truckload specialist. RLC's Matlack division has carved out a profitable niche transporting chemicals. This should benefit RLC in 1984 as Matlack's chemical company customers revive. Ryder System and Leaseway Transportation have both been aggressively expanding their automobile carriage operations, a lucrative segment of the truckload market as auto sales recovered in

Truckers and shippers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Truckers												
IU International	1	21.1%	13.1%	0.8	4	9.4%	8.0%	2.2%	7	1.8%	2	13.3%
Roadway Services	2	20.6	20.2	0.0	1	19.6	19.8	7.7	3	10.8	3	11.9
Consol Freightways	3	19.2	12.5	0.2	2	15.3	10.2	4.8	5	8.0	4	10.7
Ryder System	4	18.9	16.6	1.0	5	9.1	8.6	4.2	1	19.0	1	22.8
Leaseway Transportation	5	17.1	12.2	1.1	3	9.6	8.2	2.8	2	10.9	5	6.2
Yellow Freight System	6	10.0	16.8	0.2	6	7.2	11.6	3.6	4	10.6	6	–7.7
RLC		**	6.9	1.6		**	5.5	2.1	6	3.0‡‡	7	–24.3‡‡
Medians		19.1	13.1	0.8		9.5	8.6	3.6		10.6		10.7
Other surface transport												
McLean Industries	1	16.9%	19.0%	1.5	4	8.4%	9.8%	4.9%	1	12.1‡‡	1	386.3‡‡
Alexander & Baldwin	2	14.8	13.5	0.5	1	10.4	9.5	11.6	3	3.8	3	8.5
Greyhound	3	14.0	10.3	0.4	3	10.2	8.5	3.6	5	2.5	2	9.8
Transway Intl	4	11.9	7.2	0.4	2	10.3	6.7	1.8	4	3.5	4	–1.4
American President		**	**	**		**	**	1.7	2	10.0‡‡		**
Medians		14.4	11.9	0.5		10.3	9.0	3.6		3.8		9.2
Industry medians		17.0	13.1	0.5		9.9	8.6	3.6		9.0		9.8
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. **Not available; not ranked.

the past year.

Of course, the big truckers will also face plenty of competition from the revitalized railroad companies, now that the ICC has lifted its proscription against the rails owning truckers. No one should be surprised by some large railroad-trucker mergers this year and in 1985.

The nationwide truckers are also bumping up against a new breed of tough, well-capitalized regional truckers with expansion plans of their own. Example: San Francisco's very profitable Viking Freight (revenues, $80 million) has forged agreements with midwestern and eastern regionals which collect and consolidate shipments and ship them by cost-effective rail piggyback to the West, where Viking delivers. Is Viking a regional or a national trucker?

Moreover, many regionals are nonunion shops. Labor accounts for around 60% of a unionized trucker's total operating costs, and union labor costs as much as 40% more than nonunion help. Thus a nonunion company like Viking enjoys a decisive cost advantage of up to 25% over its unionized competition. To redress such an advantage, unionized Consolidated Freightways in 1983 created two nonunionized divisions serving the West and Midwest.

That sensible move immediately induced a Teamsters' grievance. But this is less of a threat than it used to be. The Teamsters' truck-driver ranks have dwindled from around 300,000 in 1979— or 27% of all intercity drivers—to around 200,000 today, or 12%. Teamster leadership knows there is no alternative to wage givebacks and in 1983 proposed a rider to the National Master Freight Agreement that would have allowed employers to rehire laid-off Teamsters at sharply lower wages than they received before they were laid off. But when the proposal was put to a vote in October 1983, the rank-and-file deep-sixed it by a 7-to-1 margin. With the current Master Freight Agreement set to expire Mar. 31 1985, the giveback issue will soon heat up.

Uncompetitive wage rates explain why Greyhound Corp. earned a paltry 10.6% on equity in the latest 12 months. Its Greyhound Lines bus company has been priced out of many once-profitable routes by new bus companies and regional airlines with labor costs around 30% below Greyhound's. Thus a one-way Greyhound ticket from Newark, N.J. to Norfolk, Va. cost $56 last September, vs. $26 on People Express Airlines.

In November Greyhound management said leave the cost-cutting to us. It demanded that Greyhound's 12,700 unionized employees accept a 15% wage cut—and allow the company to hire new workers at rates comparable to those of Greyhound's competition. The workers refused and struck. Violence flared. But by December the union negotiators were recommending that the strikers accept an offer that gave management most of what it wanted.

A big problem for the trucking business is the Multi-employer Pension Plan Amendments Act of 1980. In practice, the act's provisions mean that a failing trucker's pension liability is often greater than remaining shareholders' equity.

Faced with the choice between shutting down and then receiving a huge pension bill from the government, or hanging on until the last equity dollar has been wrung out, most marginal' truckers will opt to hold on—thus helping keep pressure on prices. And since the final extent of the pension liability is unknown, few solvent truckers want to risk acquiring failing lines. "While there is now open entry into trucking," says the ATA's Ron Roth of the paradoxical law, "there is no open exit."

Also hastening the demise of the inefficient truckers is the Surface Transportation Assistance Act of 1982, which became effective in 1983. To help rebuild the country's highways, the act adds a nickel-a-gallon tax on diesel fuel (bringing the tax to nine cents a gallon), and boosts annual user fees from $240 on a typical rig to $1,600 in 1984 and $1,900 by 1988. Because the user fee is payable whether the rig operates or sits in the garage, it will fall hardest on failing truckers with least-used fleets.

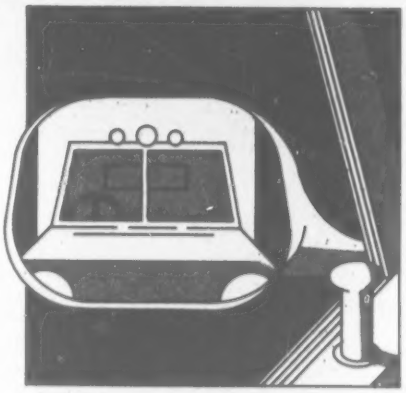
There was good news in the act for profitable truckers. Truckers may now haul, on designated national routes, trailers measuring 102 inches wide, vs. the old 96-inch standard. This is important because freight is loaded on 48-inch pallets, which can now be carried two abreast. Equally important, truckers won significantly more freedom to haul two 28-foot-long trailers—"doubles," as they're called—in place of one 48-footer. Doubles, say the truckers, give them much more flexibility, and orders for new trailers are pouring in.

For example, Ryder/PIE's Jack Schang says his company will spend $60 million in 1984, $28 million of it for 2,300 new doubles trailers. Roadway's secretary Doug Wilson says over 90% of Roadway's $124 million equipment spending budget for 1984 is earmarked for the smaller trailers. This order boom bodes very well for Transway International, whose trailer manufacturing division, Great Dane Trailers, worked virtually flat out during most of 1983.

But again, it is feast for a few, famine for most. Roadway can handle the costs of fleet renovation: It has no debt and $400 million in cash. So can most of the other Yardstick truckers, which either carry little debt or have the access to capital commanded by big companies. The majority of smaller companies, however, have neither the earnings nor the willing bankers to finance *their* new fleets. The result, as the ATA's Roth puts it, is a self-fulfilling prophecy whereby "the profitable companies are taking bigger and bigger market shares from a whole lot of companies that will continue to slowly die off." ■

Idle Greyhounds in Manhattan
After a sometimes violent strike, workers prepared to concede.

If 1983 was the Year of the Car, 1984 will be the Year of the Truck—particularly heavy trucks.



Autos and trucks

By John R. Dorfman

DETROIT IS CONFIDENT that 1983's marvelous recovery will continue this year, despite wobbly sales in the late fall. Donald McPherson, chief of GM's North American car operations, predicts that 10.5 million cars, plus 3.5 million trucks, will be sold in 1984. "A darn good year," says he, adding that "Japan's share has to drop." By government fiat, that is, not because consumers would rather buy Detroit products—witness the premiums many dealers in Japanese cars are packing onto their products while dealers in U.S. cars are offering discounts. But the Japanese have extended their "voluntary" limit on exports to the U.S. through March 1985, which means Detroit will continue to enjoy strong nontariff protection. (The new passenger-car limit, starting Apr. 1, is 1.85 million vehicles, vs. 1.68 million the prior three years.) Detroit's sharply improved profits in 1983 should be judged in the light of that not inconsiderable protection.

How long can the industry hope to remain protected from overseas competition? "Reagan," argues Art Davis of Prescott, Ball & Turben, "is a free trader at heart. After the 1984 election, assuming he wins, he's not likely to fight for continued import quotas. Lee Iacocca would have you believe that, without quotas, imports would immediately take 35% of the market, and eventually maybe 50%. I'm more conservative. I figure 28% in 1985 and more than 30% in 1986." That's compared with the 25% or so share imports already hold.

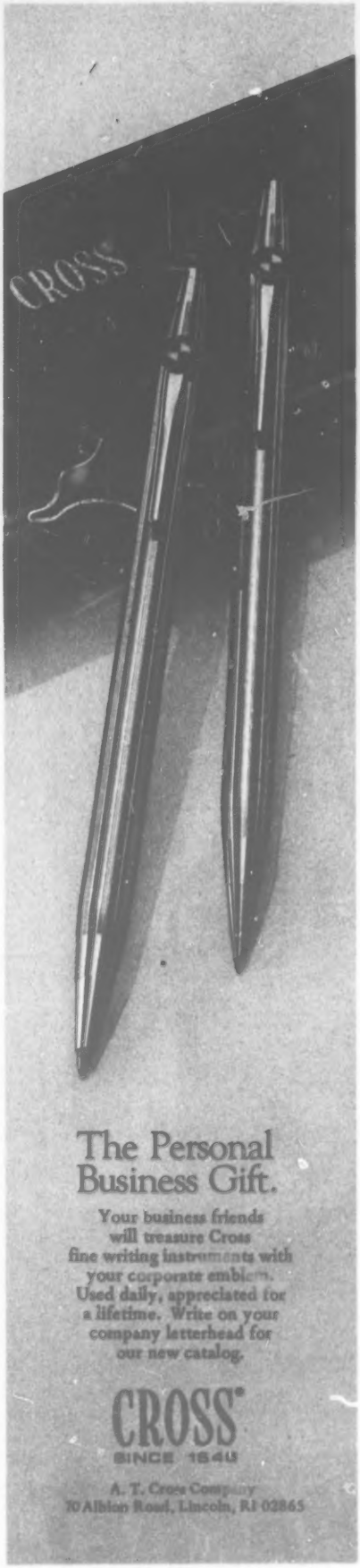
Detroit likes to talk about the ad-

Autos and trucks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Subaru of America	1	59.2%	45.8%	0.2	1	54.1%	39.1%	4.5%	1	33.0%	1	65.3%
PACCAR	2	14.9	5.3	0.0	2	14.0	5.1	2.5	5	6.9	2	6.7
Signal Cos	3	11.5	3.4	0.3	4	9.4	4.0	1.3	2	14.1	3	6.2
Hyster	4	11.1	0.1	0.2	3	9.6	0.5	0.0	9	5.0	4	2.2
Sperry	5	10.3	6.1	0.3	5	8.4	5.4	2.9	3	8.4	5	2.0
Deere	6	8.3	def	0.4	6	7.0	0.2	def	4	8.4	6	–6.7
General Motors	7	6.7	14.2	0.3	8	6.3	11.8	3.8	6	6.2	7	–13.8
Caterpillar Tractor	8	6.5	def	0.7	7	6.6	def	def	7	6.1	8	–14.3
Fruehauf	9	3.8	def	0.8	9	4.5	1.2	def	8	5.8	9	–17.3
Clark Equipment	10	2.4	3.1	0.3	11	2.6	3.8	1.6	15	–1.2	10	–31.1
Mack Trucks	11	0.1	def	0.6	10	2.8	def	def	17	–7.4‡‡	11	P–D‡‡
Ford Motor	12	def	14.0	0.4	12	def	10.4	2.1	10	4.7	11	P–D
Allis-Chalmers	13	def	def	0.5	13	def	def	def	12	3.7	11	P–D
Intl Harvester	14	def	def	63.2	15	def	def	def	13	0.9	11	P–D
American Motors	15	def	def	2.9	16	def	def	def	11	4.4	16	D–D
Chrysler	16	def	NE	2.2	14	def	11.8	2.0	16	–4.7	16	D–D
Massey-Ferguson	17	def	NE	8.3	17	def	def	def	14	–0.6	11	P–D
Industry medians	16	1.8	def	0.4		4.5	1.2	1.3		5.0		–17.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. P–D: profit to deficit. D–D: deficit to deficit. def: deficit. NE: negative equity.



Mack class 8 Super Liner outside Fort Worth, Tex.

Suddenly, truckmakers have more orders than they can fill.

vantages the Japanese enjoy through a favorable exchange rate and tax structure. All true, but the Japanese are not to blame for Detroit's $25-an-hour wage-and-fringe bill, its shaky quality standards and its relatively inefficient plant. "It's true that in productivity, efficiency and cost of production, we are not yet fully competitive with Japan," says Allan Gilmour, Ford's Controller, adding, "but we have made progress."

If the recovery in cars rests on somewhat shaky underpinnings, the recovery in trucks does not. It is going to be a whopper. Ford's and GM's light trucks have been selling well for a year and are gaining share back from the Japanese. In fact, says Maynard Gordon, editor of *Motor News Analysis*, the traditional arrangement is now reversed. These days dealers can coax a few extra trucks out of manufacturers by agreeing to take extra cars. Heavy trucks only started to move in September, but demand is now flaring up fast. U.S. heavy-truck makers, such as Paccar, Mack and International Harvester, face little serious foreign competition.

On the Forbes Yardsticks, Paccar leads the truckmakers, with a 14.9% return on equity over the last five years. None of that comes from leverage, as the company is virtually debt free. The pricey, customized Kenworth and Peterbilt class 8 models Paccar puts out are every independent trucker's dream, so trucking deregulation could work to its advantage.

Mack, until 1983 part of Signal Cos. and now 45% owned by France's Renault, still holds about 18% of the class 8 (the transcontinental, 33,000-pounds-and-up variety) truck market (compared with 18% for Paccar and 23% for International Harvester). So Mack's numbers are bound to look better if heavy-truck sales follow anything like the track they typically do in a strong recovery. The 78,000 or so heavy trucks shipped in 1982 could nearly double by 1986. The route flexibility and pricing latitude triggered by deregulation have made the trucking industry more competitive with the railroads, a good omen for the heavy-truck makers. The truckmakers are also making today's big rigs 20% to 25% more fuel-efficient than those of a few years ago, another factor that could spur sales.

All this bodes well not only for Paccar and Mack but also for International Harvester, which is now roughly 60% trucks and 40% farm equipment.

This virtually guarantees hard-pressed Harvester's survival, but not without further capital restructuring. Glance at the debt-to-equity column in the table on page 109. No, that's not a misprint: Harvester really does have $63.20 in debt for each $1 of equity.

The average truck fleet has 2½ trailers for each tractor, which is why the new-born recovery in trucks is bringing a smile to the lips of Tom Reghanti, president of Fruehauf Corp. "We have had a tremendous upsurge," he says, pointing to a near-record five-month backlog. Fruehauf is gaining market share: It sells 25% to 30% of U.S. trailers, close to triple that of its nearest competitor, Great Dane Trailers (a subsidiary of Transway International). Fruehauf also has a boost from recent legislation allowing 48-foot-long, 102-inch-wide trailers on interstate highways. The new behemoth trailers mean that standard pallets can be carried side by side *(see p. 104)* instead of end to end and offer about 648 more cubic feet than the old ones.

Summer in autos, springtime for trucks. What about farm equipment? Still winter there. Even well-managed Deere is losing money, but with its huge new Iowa factories (FORBES, *Mar. 14, 1983*) it is prepared to gobble market share furiously once it can more fully use those new plants. Don't be fooled by the relatively good showing of Sperry in the Yardsticks. Its profits are coming from computer systems and guidance and control systems, not from the New Holland farm equipment division. As for Massey-Ferguson, the only good thing one can say is that it is less precariously leveraged than Harvester.

A few companies in our table fall into special categories. At the top of the list, as it has been since 1980, is Subaru of America. Approximately 49% owned by Fuji Heavy Industries, it does no manufacturing, only importing and distribution. Needing only thimblefuls of capital and enjoying demand for its product that exceeds the artificially limited supply, the company has racked up astonishing returns on equity. Some might say it deserves them. Subaru has built a loyal customer base, especially in snowbelt areas like New England and Alaska, where it was one of the first companies to offer an attractive small car with four-wheel drive to get through the ice and slush.

Caterpillar Tractor is, of course, best known as the world's largest maker of construction equipment. But it has a sideline in engines, where it has lately been giving Cummins Engine and GM a run for their money in the heavy-truck-engine market. A seven-month strike that ended in April helped neither operating results nor the balance sheet but did bring wage costs under some control. Despite pressing competition from the likes of Japan's Komatsu, Caterpillar remains one of the great American manufacturing companies.

In this industry, as elsewhere in the U.S. economy in 1983, much of the emphasis was on cost-cutting, on reducing break-even points. As far as this involves skimping on research and development and on equipment, the trend has its dark side. But to the extent it cuts fat and not muscle, the trend can only be beneficial. ■

Kan ban? Can do!

One of the key cost advantages of the vaunted Japanese manufacturing system is *kan ban*, the "just-in-time" parts delivery system used by Japanese carmakers. *Kan ban* allows them to keep inventories—and hence interest costs—low.

The concept of just-in-time delivery is certainly not exclusively Japanese. Back in the 1920s workers at Henry Ford's integrated River Rouge assembly plant in Dearborn, Mich. unloaded ore boats on Monday and converted the ore to steel and then to engine blocks by Tuesday afternoon.

But the Japanese have developed *kan ban* in its modern form. Can just-in-time parts delivery be implemented in the U.S.? Yes it can.

Dana Corp. Chairman Gerry Mitchell
Going the Japanese one better?

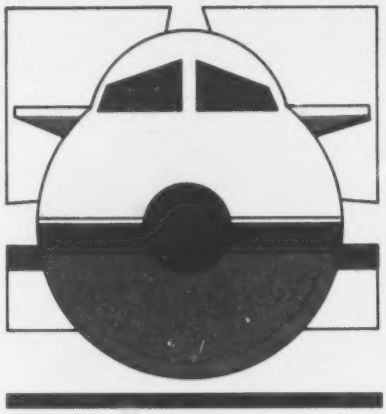
Dana Corp. Chairman Gerry Mitchell says that American suppliers like Dana are even going the Japanese one better by allowing more flexible delivery. "With *kan ban* you don't change your assembly schedule," he says. U.S. manufacturers, he goes on, want more flexibility than that.

But it's interesting to ask why American carmakers need all this flexibility. Think, once again, of Henry Ford. His cheap, reliable vehicles were in such demand that he could afford to let buyers pick any color they wanted, so long as it was black. Perhaps Detroit now runs after the 10-day trends too much, offers too many choices, at a loss of efficiency. It's almost as if American manufacturers have become the swing producers of vehicles in the U.S. market.

Whatever direction U.S. carmakers go, it seems clear that they will be giving increased responsibility to key partsmakers. "Bit by bit," says Mitchell, "we are moving our assembly operations adjacent to car assembly plants. We are taking more responsibility for inventory control. We assemble axles at night that are used the next day. We have 19 regional centers offering overnight delivery on truck parts to truck assembly plants. Often a guy has shipped out a truck and he hasn't even paid us for the parts yet." This kind of speed and service, belated as it is, is one reason Mitchell thinks U.S. partsmakers can compete with low-priced imports *(see p. 99)*. "I don't think," he says, "that you can export from Brazil to the U.S. and have a just-in-time delivery system."—J.R.D.

The shakeout resulting from airline deregulation has only just begun. Let battle commence.

Airlines



By Howard Banks

ALL OF US are going to be subject to a rapidly changing competitive environment from here on in," says Robert Crandall, president of American Airlines. Although the industry outlook might appear to be improving along with the economy, the fact is that, until now, much of the true effect of the 1978 airline deregulation has been buffered and masked by outside events. The harsher they were, the more they served to dampen competition.

First the airlines had to deal with the doubling of fuel prices in 1979-80. That meant the majors had to phase out older gas-guzzling jets sooner than they had anticipated.

Then came the air traffic controllers' strike, which led to government-imposed control of takeoff and landing times—"slots" in airline parlance. This severely limited one of the hoped-for results of deregulation: the right to enter or leave any route, provided at least one carrier remained. In other words, it inhibited competition.

Then came recession and huge losses even for the largest and strongest carriers. Delta, for years the carrier with the best results, lost money for five straight quarters. The industry lost a collective $1 billion in the 12 months to the middle of 1983 before things turned around. Miraculously, the effect of this hemorrhage was mitigated by the financial markets. Convinced that the airlines would be among the first industries to feel the positive effects of economic recovery, and entranced with new issues, Wall Street underwrote over $2.5 billion in airline equity and bonds in the past two years or so.

This year all that will change. On the surface things look as if they are improving: By the end of the third quarter of 1983 the average airline fare in cents per mile was up 10% and traffic was up by 7% to 8%. There was no industrywide fare-cutting by carriers desperate for cash.

But now the full effect of deregulation will be felt for the first time. The last limits on airport slots are due to be lifted at midyear. Other factors favor increased competition: Fuel prices are stable or falling slightly, and economic recovery is gathering momentum. Who will flourish in this environment and who will perish is a function of relative strength of balance sheet and quality of management. But it won't be easy for anyone.

An America West Boeing 737
"Offer something different."

Picking the obvious winners and those most at risk is relatively easy, despite the uncertainties. But for those airlines that fall in between, almost anything might happen.

Eastern Air Lines is still at great risk. Wage costs are not its problem; Eastern employees were the first to give back part of their regulated fat. The problem is that Eastern tried to spend its way out of the hole by buying new, more efficient equipment. This worked in regulated times if average operating costs could be reduced below the level allowed when fares were set. Trouble is, now the market sets fares. So Eastern merely weakened its already shaky balance sheet. With $2 billion in long-term debt, its debt-to-equity ratio is the third worst in the list. One bright spot: its profitable shuttle.

Republic Airlines, at the bottom of the Forbes Profitability Yardsticks and staggering under a plainly untenable 14.9-to-1 debt-to-equity ratio, is in even graver danger. Republic was created by a merger allowed because the two route systems connected end to end and therefore raised no anticompetitive questions. That is Republic's problem: Its management is stretched as tight as its route pattern and its equity.

In only marginally better shape are airlines like Western (with bad labor relations, a weak balance sheet and a highly competitive market) and Continental, which is otherwise known as Texas Air Corp. Industry leaders are waiting to see if Continental's chairman and president, Frank Lorenzo, succeeds with his bold strategy of using the bankruptcy laws to wrestle down his labor costs.

The jury is also out on another imaginative ploy: Frontier Airlines created a second, nonunion and therefore lower-cost parallel airline called Frontier Horizons, which will operate in the same market as its parent. If this move succeeds, it will likely be imitated.

Economic recovery came just in the nick of time for other airlines: Pan American, for example, is for now at least off the critical list, as the strong dollar triggered a big jump in overseas vacation travel. But there are plenty of questions about its international competitor, Trans World Airlines, which is being spun off from its holding corporation to go on its own. The outcome is likely to be that its sizable, loss-making domestic routes

could shrink by perhaps as much as half. If TWA does contract that much in the home market, it could really be a blessing for the most obvious gainers this coming year: American, Delta, Northwest and United Air Lines. Despite ups and downs, these four have the strength, financial stability, markets and managements to adapt to competition.

Delta is the most conservative of the bunch. Yet listen to Chairman David Garrett: "You have to have a continuous program, almost, to relook at where you are flying, what cities you go into as new markets, to tie into the schedule." United has been the most aggressive in mass marketing. The tip-off to United's change in strategy is the fact that it has reentered many small markets in the West that it dropped early in deregulation. In 1984 it will operate in 43 of the lower 48 states.

Now that American has cost-cutting deals similar to United's, the fight will be on *(see box, opposite)*. Meanwhile, Northwest, with the airline industry's soundest balance sheet, is trying to shuck the image of being a fuddy-duddy, low-cost (poor service) airline. It is going after increased traffic, as well, and has ordered 20 Boeing 757s.

Backed by such things as United's and American's computer reservation systems (being imitated by Delta and others on a smaller scale) and the success of "frequent flyer" loyalty schemes, the market share held by these four has been increasing, to over 56% of all scheduled domestic traffic in 1983. This has raised fears among competitors that the collective market share of the four might reach 65% before the next recession.

This is unlikely. Certainly the Big Four will grow stronger. But the chances are they will channel future profits into strengthening their balance sheets rather than going for increased market share. A straw in the wind: American ended the year with almost $1 billion in cash but will add only a few new aircraft in 1984 (probably DC-9-80s, according to Crandall). Even Delta, which has been on an aircraft shopping spree, is cutting back now and has pushed back deliveries of some of the Boeing 767 and 757 aircraft it has on order, reducing its capital spending program over the coming three years to around $500 million a year. While Delta's Garrett denies that this was prompted by balance sheet considerations, it is a fact that in 1983 Delta's long-term debt had tripled, to around $1 billion. By year-end over $150 million had been trimmed from that so that future spending can now be handled by internal cash flow and the sale of second-hand aircraft.

Two other factors argue against such a market share push by the Big Four: First, Washington might be tempted to reregulate if that happened. Second, competition. The airlines once called regionals, like US Air and Piedmont, are also out there growing and making good returns—more than any of the big trunk lines, as one glance down the latest 12 months column in the Forbes return on equity rankings will attest. And then there is the group of new jet carriers (including a newborn son of Braniff), that has emerged since deregulation, on the wings of Wall Street's new issue boom. There are now 21 of them in service, and, while they controlled only 2.5% of traffic in 1983, they have had a sizable effect on the market power of the majors.

This has been no easy matter, of course, since even the majors are aggressively cutting costs these days. For the startups, the secret has been to find a marketing niche.

New York Air, owned 75% by Texas Air Corp., had three different approaches before it decided to go for the business traveler as well, and not only those interested in the lowest possi-

Airlines

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Federal Express	1	33.7%	22.0%	0.5	2	22.0%	14.7%	8.9%	1	50.8%	1	51.4‡
Emery Air Freight	2	26.5	24.1	1.4	1	22.3	13.5	3.2	13	13.8	5	2.4
USAir Group	3	20.9	12.7	0.7	3	12.1	8.9	4.5	6	19.5	2	26.9
Piedmont Aviation	4	20.9	6.8	1.5	4	10.2	4.5	2.1	4	25.1	3	13.8
Frontier Holdings	5	14.1	def	1.0	5	9.6	def	def	7	19.2	4	4.2
PSA	6	13.1	def	1.7	6	8.4	0.7	def	8	19.0		D–P
Delta Air Lines	7	8.2	def	0.9	7	5.5	def	def	9	15.5	6	–4.9
Northwest Airlines	8	3.2	4.2	0.0	11	2.4	3.4	1.7	10	15.1	7	–16.3
AMR	9	def	9.9	1.6	9	3.0	6.8	2.4	12	13.9	8	P–D
Trans World	10	def	def	1.5	8	3.9	3.6	def	17	10.4	8	P–D
UAL	11	def	2.0	1.5	12	1.6	3.8	0.7	15	11.0	8	P–D
Tiger International	12	def	def	4.8	13	1.5	def	def	5	23.8	8	P–D
Pan Am World Airways	13	def	def	3.7	17	def	def	def	11	14.7	8	P–D
Eastern Air Lines	14	def	def	5.4	14	1.3	def	def	14	13.5	8	P–D
Western Air Lines	15	def	def	5.2	16	def	def	def	16	10.5	8	P–D
Texas Air	16	def	def	8.5	10	2.9	def	def	2	46.6	16	D–D
Republic Airlines	17	def	def	14.9	15	def	def	def	3	42.1	8	P–D
Industry medians		def	def	1.5		3.0	0.7	def		15.5		P–D
All-industry medians		15.1	12.6	0.4		10.3	8.5	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. D–P: deficit to profit; not ranked. D–D: deficit to deficit. def: deficit.

ble fare. It turned a profit for the first time last summer. Others, such as Midway and America West, have also gone for the business market in similar ways: low but not rock-bottom fares; fewer, bigger seats; decent snacks; free drinks; and carry-on baggage space. Most important, from the airlines' view, they have centered their operations at hubs not dominated by even a big regional like Frontier. "You have to offer something different to persuade passengers to choose you over other carriers," says Mark Coleman, marketing vice president for America West, which plans to add two to three new aircraft every 90 days until it has over 40 in all.

One saving grace is the so-called halo effect: Low fares and new service attract people who would not otherwise have flown at all. For example, a new carrier, Jet America, began operating from a base at Long Beach, Calif., an airport ignored by the majors. American and United both moved in promptly. But instead of squashing Jet America, the addition of the two majors in this case made Long Beach a more attractive airport, and people began driving there instead of fighting the freeways to Los Angeles airport.

The classic example of the halo is the small-package overnight delivery business. Invented by Federal Express' chairman and president, Fred Smith, it has been widely copied. Now everybody is inured to the outrageous notion of spending at least $10 to do what the Postal Service should do for pennies. But look at the table. Emery Air Freight is right up there on the industry Profitability Yardsticks with Federal, outperforming all others.

Deregulation is also having a major effect on the aircraft that the airlines now want to operate. Summing it up neatly, US Air's chairman and president, Edwin Colodny, says: "Under deregulation, smaller is better." Why? Because—apart from their lower operating costs—three smaller planes replacing one big one can tackle three market segments instead of one.

Out in California, where United is back in all sorts of markets, the local carrier, Pacific Southwest Airlines (PSA), has simply switched to the peripheral airports around those big cities. The problem is that many of these airports, like Orange County and Burbank, are in very noise-conscious communities and some are in very small markets. So PSA ordered 20 of British Aerospace's BAe 146 "feederliners," which have 100 seats and the virtue of being quiet.

But as airline deregulation moves toward its final official act—the sunset of the Civil Aeronautics Board on Dec. 31, 1984—there is an ominous ring to one change under way.

Part of the fallout of the Continental "bankruptcy" was that other carriers refused to carry passengers holding Continental tickets. Until then tickets from a carrier in trouble had been accepted as an offshoot of the airlines' industrywide interline agreements under what was called the default protection plan. Now, United, American and Delta have led a move to end this industrywide deal and to switch instead to a system of bilateral agreements, so that they only make swap agreements with carriers not in any trouble.

Taken to an extreme not yet even hinted at, this kind of picking at the edges of the interline agreement (a cornerstone of the industry's development over the years) could end up so that passengers could not check their bags through on airlines with no agreement, instead being forced to buy separate tickets and all sorts of other horrors. Now, that really would give deregulation a bad name. ■

The (new) American way

American Airlines is now two airlines in one, says President Bob Crandall. There's the old, high-cost airline and the new, low-cost one—that is, new employees hired at substantially lower pay.

"Our new labor contracts make it possible for us to grow at costs that are very competitive with new carriers," says Crandall. "The larger we make the company, the greater average effect we have on overall costs and the more we get from the low-cost growth."

It means a couple of other major things, too. Instead of grounding older Boeing 727-100s as uneconomic, they can be profitably kept in service. That will give American 22 or 23 aircraft already paid for and ready to go that it would otherwise have had to replace. "When you sell old airplanes, they don't get ground up and made into tuna cans; they go to a competitor. Instead, now that we can afford it, why not fly them ourselves?" asks Crandall.

Lower break-even points will also allow American to compete in smaller market segments it could not profitably enter before. Crandall also expects the company to have more confidence in planning new equipment orders.

But that's for the future, he says. American has $1 billion in cash reserves, but unless interest rates fall sharply, Crandall doesn't plan to retire much of the company's $1.5 billion long-term debt, diversify out of the industry or go on an aircraft buying spree. Better to stay liquid.

What does he want to do? Crandall, known for being earthily outspoken, is the guy who was taped in February 1982 seemingly talking about fares with Howard Putnam, then boss of old, broke Braniff. He got into hot water with the Justice Department over that, and again over bias in the computer reservation systems that American and United dominate.

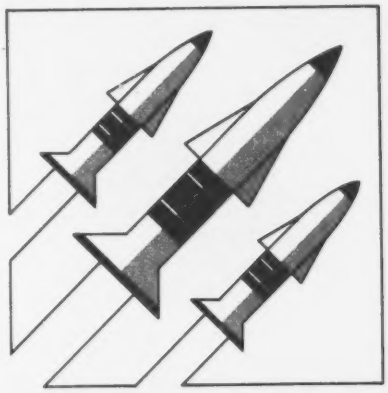
He concedes that the major carriers may have to give ground on the computer reservation matter. But all that does not inhibit him from coming up with ideas that will raise yet more flags at the Justice Department—which of course is certain to gain increased influence through its antitrust powers over the airline industry once the Civil Aeronautics Board dies.

For example, Crandall is no big fan of the CAB's old policy of opposing airline mergers unless one party was at death's door, and then to insist that the acquiror take on all the employees of the acquired. "That policy encouraged people to leave a company alone until it failed and then to acquire only its assets. Maybe that's not the smartest social policy," says Crandall.

He also favors greater standardization of aircraft, which today are often extensively modified to suit individual carriers' whims. Standardized aircraft, says Crandall, could be priced and depreciated according to their actual useful life, say 20 years, instead of the much shorter period often used, especially by normally profitable carriers like Delta and Northwest. And why not finance such deals off the airlines' books, through some kind of "Hertz-rent-a-plane," the way railroad tank cars are financed?

Nothing like a little adversity to stir the mental juices.—H.B.

For 1984 and 1985, order books are fat, and all's right with the world for most companies. How many other industries can say the same?



Aerospace and defense

By Subrata N. Chakravarty

IN THE THIRD YEAR of the Reagan defense buildup, 14 of the 30 aerospace and defense industry leaders ranked below were already showing improved profitability on the latest 12-month Yardsticks.

More than doubling its return in the past 12 months was General Dynamics, the nation's largest defense contractor, which kept rolling along with three major programs—the Trident submarine, the F-16 fighter and the M1 tank—and a host of smaller ones. The third $1.3 billion Trident was delivered to the Navy, one began sea trials and seven more are on order. With the Navy planning to build at least 15 of the gigantic submarines, the program should continue well into the next decade. The company also won a major victory in 1983 when Turkey picked GD's F-16 fighter for its air force. The contract, worth some $5 billion over the next five years, is the first time the cheaper F-16 has beaten out McDonnell Douglas' F/A-18 in head-to-head competition for foreign orders. GD believes it won't be the last. "We believe we have an edge in small countries, where cost is a more important factor," says GD Chairman David Lewis.

With the old Chrysler tank division a part of GD for a full year, Lewis says the company has solved some technical problems on the troubled M1 tank, and the tanks are now being turned out at the rate of 60 per month.

General Dynamics also makes sea- and land-launched cruise missiles, of the type some Europeans have been demonstrating against, and a variety of tactical missiles. In the wings, Lewis hopes, is a small, mobile companion to the MX ballistic missile, dubbed the Midget Man, on which GD has done much of the initial research for the Air Force.

GD did have a few setbacks in 1983. It lost $1 billion in potential business when the Army canceled the Viper antitank missile program because it proved unable to penetrate the latest Soviet armor. The fact that the price of the missile had also increased from $78 to $1,000 each probably didn't help. So the Army is now testing a Swedish antitank missile, the AT-4.

It was an important year for a couple of other contractors as well. Large orders for FMC Corp.'s M2 Infantry Fighting Vehicle (FORBES, *Nov. 7, 1983*) added that company to the aerospace and defense industry listing. Tenneco did not get added to the list, but the future of its Newport News division is assured for years to come, not only because it is the designer and one of the builders of the Los Angeles class attack submarines but also because it is the only builder of aircraft carriers. Under construction is the nuclear supercarrier *Theodore Roosevelt*. In 1983 Congress funded two more: the *George Washington* and the *Abraham Lincoln*. That will keep the yard busy well into the next decade.

Grumman's X-29
The technology of the future?

It was also a big year for Rockwell, which now gets over 60% of its revenues from government business. As the company began building the first B-1B bombers in the 100-aircraft, $20 billion program, revenues on the contract jumped from $650 million in 1982 to $1.7 billion in 1983 and should hit $2.2 billion in 1984. Also important for Rockwell is the fact that Congress finally, if reluctantly, funded the MX missile. Martin Marietta may be the prime contractor, but at this stage Rockwell has the largest share of the revenues. Work on the fourth-stage engine and the guidance and control system has so far brought in $1.5 billion.

Meanwhile, its defense electronics grew spectacularly, to $1.2 billion, in 1983. "We expect it to continue to grow sharply," says Rockwell President Donald Beall, with good reason. Rockwell also won a $1.2 billion multiyear contract for construction of the Navstar satellite navigation system for the Air Force. That helped ease the pain of the stunning loss to Lockheed of a 15-year, $6 billion operations contract for the space shuttle program, blamed by some on Rockwell's management control problems. Says Beall: "It hurts more from the standpoint of pride than it does financially."

McDonnell Douglas Corp. executives must have heaved a sigh of relief in 1983. MDC's major hope for defense revenues ($40 billion worth) is the F/A-18 strike fighter for the Navy. That program won approval and funding last year despite strong congressional criticism, (FORBES, *Apr. 11, 1983*), increasing the likelihood that most of the intended 1,400 aircraft will eventually be built. "The plane is really proving itself with the people that use it," says McDonnell Douglas CEO Sanford McDonnell.

For New York's Grumman it was the year of the lobbyist. The Navy had proposed halting production of the F-14 fighter and the A-6 bomber until the aircraft could be upgraded in 1989. Frantic lobbying and the support of the House Defense Appropriations subcommittee chairman, Queens, N.Y. Representative Joseph Addabbo, helped to persuade the Navy to reconsider its plans. For the moment, Grumman retains its stable of five aging Navy planes, plus the reconfiguration of an Air Force bomber for electronic warfare and several subcontracts. The company's performance was also sharply improved—return on equity almost doubled last year—by the disposal of its disastrous Flxible bus division. A major hope is the X-29 forward swept wing aircraft, whose technology might be important to future generations of aircraft.

But there were setbacks in the defense business, too. Todd Shipyards, 1983's industry leader, clung to its top ranking, but its 12-month return on equity dropped sharply because of the increase in equity, the recession in commercial shipbuilding and heavy capital expenditures to expand facilities. Also, a nine-week strike in two West Coast shipyards wiped out the company's second quarter. But all that, says Chairman J.T. Gilbride, is in the past. With $759 million in backlogged contracts for frigates, and the hope of additional contracts as well, "Nineteen-eighty-four will be a very satisfactory year," Gilbride predicts happily.

Not every defense contractor can say that. Take Northrop. On the Yardsticks, the company looks perfectly respectable, having improved its financial position enormously in 1983, turning a loss into a substantial profit in the first nine months of the year. In part that was the result of its 40% share of the F-18 program, its research contract on the "Stealth" bomber and navigation and guidance subcontracts for several missiles. The largest part of the swing, however, came from reduced expenditures on the F-20 fighter, which was to have been Northrop's shining light until the huge, hoped-for orders for the Stealth bomber materialized at the end of the decade. Alas, would 'twere so.

The F-20 is a follow-on to Northrop's earlier F-5, which was the workhorse of 30 air forces. But the F-20 is relatively cheap, versatile and independently developed, and paid for—and these seeming virtues, ironically, constitute a problem. The U.S. Air Force didn't find the F-20 technologically flashy enough to buy. Meanwhile, many of the nations that fly the F-5 and are the most likely customers for the F-20 have been offered

Aerospace and defense

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Todd Shipyards	1	29.2%	17.1%	0.2	5	16.9%	10.4%	3.1%	3	20.2%		D–P
Lockheed	2	27.0	50.6	2.0	20	10.9	23.2	3.9	20	9.7	25	–16.1%
Computer Sciences	3	23.4	11.0	0.4	10	14.7	9.1	2.2	4	19.9	10	14.8
Raytheon	4	23.0	17.4	0.0	1	22.0	17.0	5.2	12	15.1	5	17.8
Fairchild Industries	5	22.1	6.1	0.4	7	16.5	6.5	2.7	1	24.3	1	28.4
Boeing	6	22.1	12.4	0.1	2	18.3	8.9	3.2	6	17.8	4	23.8
Lear Siegler	7	22.1	15.2	0.3	9	14.8	12.1	4.5	16	12.3	7	16.0
Morton Thiokol	8	20.6	16.3	0.2	8	15.6	15.7	5.2	14	12.4	2	26.9
Pneumo	9	20.4	27.2	0.7	17	12.2	14.1	2.7	11	15.3	6	16.9
Wyman-Gordon	10	20.0	14.4	0.1	6	16.6	12.2	10.5	15	12.4	9	15.2
Sundstrand	11	19.4	9.3	0.2	13	13.6	7.7	5.0	19	9.7	11	13.5
General Dynamics	12	19.3	23.0	0.0	12	14.5	17.4	3.8	9	16.3	3	25.5
Sanders Associates	13	18.7	16.4	0.0	4	17.3	14.4	6.6	8	17.4		D–P
E-Systems	14	18.7	25.6	0.1	3	17.6	24.7	6.4	10	15.4	14	12.6
Rockwell Intl	15	18.5	18.8	0.1	11	14.6	15.9	4.8	25	6.4	8	15.6
Martin Marietta	16	17.9	22.3	1.4	19	11.4	6.4	2.8	5	17.8	13	12.7
Rohr Industries	17	16.5	21.7	0.4	21	10.8	15.0	4.2	24	6.6		D–P
United Technologies	18	16.3	14.7	0.3	18	12.1	11.0	3.4	2	21.1	16	8.9
Gates Learjet	19	15.0	0.2	0.2	14	12.9	1.1	0.0	7	17.4	18	6.5
Northrop	20	14.3	14.8	0.0	15	12.9	13.4	2.4	18	10.5	19	3.4
FMC	21	12.8	12.1	0.3	22	9.3	8.6	4.6	23	7.9	17	7.1
McDonnell Douglas	22	12.6	13.5	0.1	16	12.5	13.3	3.2	13	14.2	15	10.4
Sperry	23	10.3	6.1	0.3	25	8.4	5.4	2.9	22	8.4	20	2.0
Textron	24	10.2	6.7	0.2	23	8.9	6.4	2.9	27	3.8	21	–1.7
Cessna Aircraft	25	10.0	def	0.1	24	8.8	def	def	21	9.4	22	–2.4
Grumman	26	9.6	18.2	0.4	26	8.3	11.9	3.4	26	5.9	23	–5.7
Bangor Punta	27	6.8	def	0.6	28	5.1	def	def	17	11.7	12	13.5
Gen'l Tire & Rubber	28	6.4	6.0	0.2	27	5.5	5.5	2.8	29	2.0	24	–7.8
Singer	29	def	0.1	0.7	29	1.7	3.0	0.2	28	2.7	26	D–D
Gulfstream Aerospace		**	67.5	0.6		**	30.8	8.3		**		**
Industry medians		18.5	14.8	0.2		12.9	11.5	3.3		12.4		12.7
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
D–D: deficit to deficit. D–P: deficit to profit; not ranked. def: deficit. **Not available; not ranked.

the flashier F-16 by the U.S. government. After all, every F-16 it helps sell recovers for the government part of the money it paid General Dynamics to develop the plane. But every F-20 it helps to sell only adds to Northrop's bottom line and Chairman Thomas V. Jones' bonus. The result is that, after years of sales efforts and more than a year of flight demonstrations, Northrop has yet to garner an order for the F-20. Despite strenuous denials by the company, Northrop may have to abandon its $600 million investment in the F-20. The investment has been charged off as incurred, so ending the program won't mean massive write-offs. It will, however, somewhat blight the next few years.

The commercial aerospace picture still looks gloomy domestically. It takes healthy airlines to support a commercial aircraft business, and most airlines are anything but healthy at the moment *(see p. 139)*. Still, with traffic building up a little, so is the order rate. In the highly competitive medium-range market, McDonnell Douglas got orders for 34 150-seat MD-80 jets in the first three quarters of 1983, vs. 7 in 1982. Whether it can match the 77 planes ordered in 1982's fourth quarter won't be known for a while.

McDonnell Douglas has yet to make a cumulative profit in commercial aircraft after more than 17 years in the business, but that doesn't keep Sandy McDonnell from hoping. "Sooner or later, airline financial performance will emerge from the effects of deregulation and the recession," he says optimistically. He obviously doesn't think that's going to be any time soon, however. MDC just canceled development on two new planes: the MD-90 and MD-100. So for the foreseeable future, they have only the MD-80 in the commercial aircraft market. In the meantime, MDC has apparently decided to concentrate on building its promising computer business via the proposed $400 million acquisition of Tymshare, an information and telecommunications company.

Boeing, with orders for 117 planes in the first three quarters, topped its total for all of 1982. But it remains very cautious about the significance of the pickup in orders. One reason is that almost 70% of those orders came from foreign airlines, which shows that domestic airlines have yet to turn the corner. Boeing's drawing boards are not crowded, either. Only stretched variants of the 737 and the 767 are under development.

If 1983 was a boom year for the defense business and only modestly encouraging for commercial aircraft, it was an unmitigated disaster for business and civil aircraft. Cessna has been in a two-year tailspin, tumbling to a $19 million loss, the first in its history, versus a profit of over $60 million as recently as 1981. The rest of the companies in civil aviation are doing no better, although Piper and Beech, as divisions of larger companies, are somewhat sheltered and Gates Learjet was bailed out by a large Air Force lease order in 1983.

For most defense contractors the question of the hour is whether further increases in defense spending are likely. It was a struggle to get an inflation-adjusted 3% real increase in funding for fiscal year 1984, despite President Reagan's demands for a 10% hike. And fiscal 1985 could be even more of a struggle. Congress, eyeing the 1984 election, is increasingly restive about raising the defense budget at the expense of social programs. According to Wolfgang Demisch, First Boston's respected aerospace analyst, Defense Secretary Caspar Weinberger reportedly plans to ask for a phenomenal increase of $53 billion, or 21%, in the fiscal year 1985 defense budget, to $310 billion. His chances of getting it, however, are virtually nil. "A real growth of 5% will be hard to accomplish," says General Dynamics' David Lewis.

In 1984 the fight to limit the growth in the defense budget is likely to center on the Navy. But defense contractors aren't really too worried about it. "The Navy program is so far advanced, there is no way you can possibly turn it off," says Todd Shipyard's Gilbride. "The debate will go on, but the Navy will get its 600-ship fleet." For 1984 and 1985, anyway, order books are fat and all's right with the world for most companies.

How many other industries can say as much? ■

More bang for the buck

If the Pentagon were a corporation, Deputy Secretary of Defense Paul Thayer would be its chief operating officer. He comes well equipped for the job. A one-time Navy fighter ace and test pilot for Vought Corp., Thayer became chief executive of its corporate parent, LTV, in 1970 and pulled it back from the brink of bankruptcy. He joined the Department of Defense last January and has been vociferous about the need for better management of the defense budget. Here, notes from a recent conversation with Thayer on some important concerns.

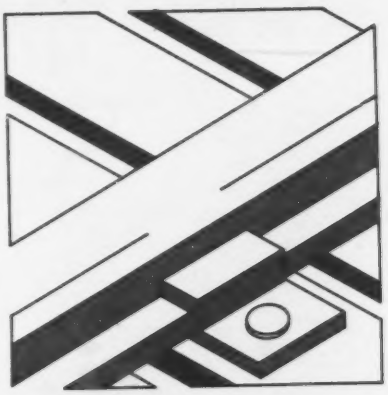
You have said procurement costs could be reduced from 10% to 30% if equipment were made right the first time. That's quite an indictment of defense contractors.

Thayer: There is certainly room for improvement there. But it's not always the fault of the defense contractor. I think there's a lot of room for improvement in the Pentagon and the acquisition process, too. It's also the DOD that keeps changing its mind. We must define what we want well enough so that there is little room for misunderstanding in the design, and then stick with it. You don't increase cost effectiveness when you jack a program around from year to year by increasing and decreasing its production rate because of budget restrictions. Also, [we must] keep changes down to an absolute minimum, which means having them approved at a high enough level so that there is a distinct control over changes that add to cost.

What else can be done?

Thayer: A lot of the restrictions that prevent the Department of Defense from saving money result from congressional interference. We need to close bases, but Congress won't let us. Now, we should certainly depend on Congress to force us to articulate the threat and what we think we need to do to respond to that threat. But when it comes down to nickel-and-diming programs and just arbitrarily chopping here and there, that's no way to run defense procurement. It louses up some very good programs. I don't think they should tell you: "You can't have $2 billion in order to make this program come true. We'll give you half of that, but go ahead and make it come true anyway." Or force us into taking programs that we've not even asked for. Or force us to take money from one program and put it in another.—S.N.C.

In this industry, at least, deregulation has been a real blessing. You will see it in the numbers this year, and, most probably, in the years that follow.



Railroads

By James Cook

AS THE NEWLY DEREGULATED $27 billion railroad industry emerged last year from the worst recession since the Thirties, the important thing was that the industry overall was still making money. Even Conrail, repository for most of the bankrupt railroads in the East, was running a profit. Only Illinois Central Gulf showed an operating loss.

The Staggers Act effectively deregulated the industry three years ago, and in 1983 the effect of that emancipation finally began to make itself felt. First-half ton-miles were off 3.3%, but as the recovery gathered steam in the third quarter, weekly ton-miles began rising by 6%, 8%, 10% and more. Aided by an accounting change wherein track improvements are depreciated rather than expensed, the industry's inherent leverage began producing results—a 37% third-quarter earnings gain for Norfolk Southern, 55% for Burlington Northern, and a $2.5 million loss converted to a $10 million profit for Chicago & North Western.

Coupled with the fuel cost advantage the energy crisis had given the railroads, deregulation seemed finally to have arrested the long-term decline in the industry's market share. Whether such gains could be sustained, much less enlarged, remains an open question. But for the first time in a half-century the opportunity at least is there.

Southern and Norfolk & Western crews celebrate merger day at Norfolk, Va.
One good merger deserves another. But how far should the industry go?

The consequence of deregulation, however, was to encourage every railroad in the business to become more self-contained. Because most of the costs of rail transport lie in picking up and delivering traffic, railroads have always tried to get as long a haul as possible, so as to generate the maximum possible revenue to offset those costs. To be sure that customers had the option wherever possible of considering alternative routes, the Interstate Commerce Commission used to require the railroads to set joint rates with connecting roads. But not anymore. "Deregulation has got rid of the antitrust immunity, and that makes it difficult to talk to other railroads," says Norfolk Southern's Chairman Robert B. Claytor. "It's a lot easier if you've got your own system and don't have to talk to anybody." And so the rules of the game have changed, and railroads across the country have begun closing their gateways—the interchange points with connecting lines. "A closed gateway," explain's Union Pacific's boss, William S. Cook, "does not entail a physical closing of an interchange point, but the refusal to post a tariff [a rate] on a specific commodity at that interchange, which technically closes that routing to competitive participation."

The first sign of what was to come was foreshadowed in 1980 when Chessie Systems and Seaboard Coastline merged to form the CSX system. CSX blanketed much of the area served by the Southern and Norfolk & Western systems. Where Chessie and Seaboard used to maintain joint routes with Southern and N&W, CSX could often offer single-system service between those same points. So it no longer needed Southern and N&W.

In response, Southern and N&W felt they had no choice but to merge themselves. So 18 months ago they became the Norfolk Southern system. "Each railroad," says Claytor, "has to serve as many points as it can so it can compete."

The pressure did not come from CSX alone. Conrail's predecessors had complained for years about how unfairly revenues were divided with its connections in the West and South. So when deregulation took place, Conrail began closing gateways and raising switching charges. The result was that piggyback traffic, which once moved out of Chicago for New York, for instance, could no longer move over the Norfolk & Western to

Buffalo and then to New York by way of Conrail's Lehigh Valley affiliate. Henceforward, it would go Conrail all the way. "Conrail will not work with you if they can make more handling it on their system," says Claytor. "That's understandable, but it's a consequence of deregulation." Another consequence, of course, is to reduce the shipper's freedom of choice in routing. Often, he now goes all the way, or not at all.

Naturally, competitors retaliated where they could. "Where our competitors have initiated such activity," says Santa Fe's recently retired chairman, John Reed, "we have reciprocated and taken other steps to protect our interests."

In the West, when the Union Pacific sucked the Missouri Pacific and Western Pacific into its craw, it created tremendous competitive pressures for Southern Pacific. SP claimed that UP was planning to divert over $90 million a year in westbound traffic onto its newly acquired Western Pacific lines between Ogden, Utah and San Francisco. Santa Fe could conceivably have gone it alone, but not Southern Pacific, and once Santa Fe threatened to work out the first transcontinental rail merger by acquiring Conrail, Southern Pacific bowed to the inevitable and a few weeks later agreed to merge with Santa Fe. The $1 billion in cash SP will get from selling Ticor and SP Telecommunications (which gives SP the highest ROE in the business) would enable the merged company to develop its considerable natural resources and real estate potential.

So thus far deregulation has stepped up the creation of a half-dozen overlapping balanced, regional systems. All six have produced considerable uniformity of results, though the inclusion of capital gains and other nonrecurring gains in income, as in the case of Southern Pacific, obscures this on the Forbes industry Yardsticks below. How long this balance will be maintained is far from clear. The Department of Transportation is eager to sell Conrail to somebody to get it off the government's back. But so far only Conrail's labor unions have made a firm offer, and the DOT would like a sponsor with somewhat more substantial financial resources: Santa Fe, Norfolk Southern, IU International—all of whom have been reported to be interested.

With its plant shrunken and its labor force reduced, Conrail's attractions are considerable. Even at its new, smaller scale, it produces close to 15% of all rail traffic generated in the U.S. With enough government pressure behind the sale, some railroad may yet leap to the bait, and the race to create countervailing transcontinental systems may begin.

Whether the U.S. really needs transcontinental railroads is another question. The amount of transcontinental traffic is minimal, though not so minimal as to discourage an ambitious CEO from winning a place in history by establishing one.

Regional systems are another matter. More than one railroad executive has seen the attraction of regional monopolies of the sort Conrail represents in the Northeast and Burlington Northern in the Northwest. Even so, to commit the entire rail transport of a region to a single system, as the Penn Central merger did, may pose risks for any regional economy greater than the public interest would find acceptable.

Deregulation, of course, did more than heighten the competition between the emerging single-line systems. It also increased enormously the industry's ability to compete and cooperate with the trucking industry. For the first time railroads are able to set piggyback rates as they please and move into and out of markets at will. "Rail deregulation," as the Burlington Northern sees it, "allows us to offer contract rates and other services that make piggyback more attractive to truck lines. This intermodal cooperation combines the flexibility of trucks with the inherent efficiency of the railroad and lowers shipping costs to customers."

What makes piggyback so exciting is that it has been opening up whole new markets to the railroads. In the last half-century, the railroads have come to depend primarily on bulk commodities like coal, grain and chemicals for their living. Piggyback puts the industry back in touch with the dynamic growth segments of the U.S. economy, from high-technology products to perishables.

Piggyback traffic has been growing briskly for some time, of course. It didn't even falter during the recession. But the gloves are now off, and railroads like Santa Fe, which already

Railroads

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Chic & North Western	1	16.8%	5.2%	1.2	7	6.5%	4.7%	1.1%	5	9.9%	6	9.6%
Norfolk Southern	2	14.0	8.5	0.3	1	8.7	5.8	9.5	8	8.3	3	13.6
Union Pacific	3	13.4	9.4	0.5	2	8.6	5.5	4.8	1	21.6	4	13.5
Burlington Northern	4	11.0	13.0	0.4	3	7.9	9.3	8.6	3	16.5	1	20.2
Southern Pacific	5	10.5	22.7	0.5	5	7.0	13.1	19.7	7	8.7	2	16.2
Santa Fe Industries	6	10.4	7.5	0.2	4	7.1	5.1	5.9	4	13.0	7	9.2
CSX	7	9.6	4.1	0.5	6	6.6†	4.0	2.8	6	9.6	5	10.1
IC Industries	8	8.3	4.6	0.8	8	5.5	4.2	1.6	2	16.5	8	3.1
Industry medians		10.8	8.0	0.5		7.1	5.3	5.4		11.5		11.8
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average.

gets over 25% of its revenues from piggyback, hope for considerable growth over the years ahead. Thanks to piggyback, in Florida and California CSX, SP and Santa Fe once again captured an important chunk of the fresh fruit and vegetables traffic they had abandoned to the truckers a quarter-century before.

Most railroads are not likely to move into trucking as such on any large scale. It's too costly, too difficult and perhaps too incompatible with the railroads' volume-approach to the business. But the industry may well move into other forms of transportation. Both Burlington Northern and CSX (for quite different reasons) have moved to acquire natural gas pipelines, BN with El Paso and CSX with Texas Gas, for example. More to the point, CSX has also asked the ICC for permission to get into water transport as well, having acquired American Commercial Lines with Texas Gas. Most promising of all, CSX has worked out a deal to lease up to 4,000 miles of its right-of-way to MCI Communications for a high-speed fiber-optic data and voice communications line in exchange for $36 million over a period of years and free, if limited, use of the MCI system.

Most of the industry remains, inevitably, very much a captive of its economic geography. If you serve the South or West where the local economy has been booming, as the Union Pacific and Norfolk Southern do, you can hardly fail to outperform the Milwaukee or Conrail, which serve the industrially stagnant East or Midwest. If you have coal or grain in your territory, as Santa Fe and Burlington Northern have, you are bound to outperform a line like the Southern Pacific, which never had much of either, never mind the Illinois Central Gulf, which faces barge competition the length of its mid-America route.

So it's even more surprising that, by and large, the railroads have been so late in diversifying and then have done it so fitfully. In the West, where the Santa Fe, Southern Pacific, Union Pacific and Burlington Northern had their land grant heritage from the 19th century, the railroads have been slow to capitalize on them. Nobody has gone farther and faster than the Union Pacific, which, since the acquisition of Champlin Petroleum in 1970, is more oil company than railroad. (The oil component, in fact, largely explains why both Union Pacific and Santa Fe have grown much faster than the industry in recent years.) But Santa Fe and Burlington have worked hard to catch up, Santa Fe with its holdings in coal, oil, lumber and uranium, Burlington in coal, oil, timber and, now, natural gas, with the acquisition of El Paso.

Southern Pacific diversified more ambitiously. As the profitability of its rail operation declined, it acquired a title insurance company and had a stunning success in building a telecommunications business. But it lacked the capital to nurture both and in the end sold them.

The Chicago & North Western, meanwhile, conglomerated under the name of Northwest Industries, which then sold the railroad to its employees—who have since taken it public. Under Jim Wolfe, North Western has worked wonders in building a new life out of the mistakes of others, ruthlessly contracting its system to meet the level of its traffic. It has also fallen heir to both the bankrupt Milwaukee and Rock Island systems—and has acquired parts of one and hopes to acquire what remains of the other—and has bulldozed its way into the Wyoming coal fields in joint ventures with UP and BN. Within five years UP-NW could be hauling as much as 25 million tons a year, much of which will come out of Burlington's hide.

In sum, as North Western's experience indicates and as roads like Norfolk Southern and Santa Fe have demonstrated long since, transportation can be a pretty good business to be in. And for the first time in a long while, it's likely to get even better. ■

Acid rain can be good for you

What's good for heavy industry is generally good for the railroads. Oddly enough, what's bad for it can sometimes be good for the railroads as well. Take the matter of acid rain.

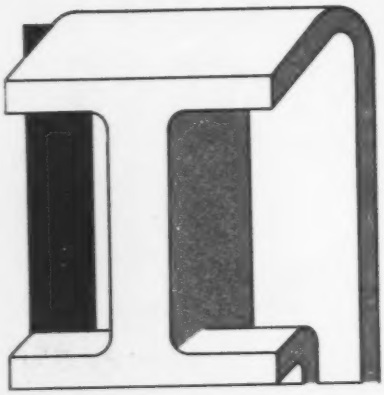
Acid rain is produced, most probably, by sulfur dioxide emissions mainly from utility power plants, industrial boilers and other stationary power plants in the industrial Midwest. Congress is now wrestling with how best to lessen the amount of it. The coal industry is of two minds. On the one hand are those who opt for power plant scrubbers, which would benefit high-sulfur-coal producers in Ohio and Illinois like Peabody and Consolidation. On the other are those preferring to set air quality standards and let companies meet those standards in any way they choose—including switching from high-sulfur to low-sulfur coal, which would benefit low-sulfur-coal producers in West Virginia and the Far West like Pittston, Westmoreland and Nerco.

The latter solution—cheaper, more economic and conceivably even more effective—ought to prevail. If it does, nobody stands to benefit more than the coal-carrying railroads—the Union Pacific and Burlington Northern in the West, CSX and Norfolk Southern in the East. According to Peabody Coal, at least 170 million tons of high-sulfur-coal production is up for grabs. Low-sulfur coal is generally farther from the point of consumption than high-sulfur coal is. Indeed, some of the utility plants that might switch to low-sulfur coal are in fact built at the mouths of the high-sulfur coal mines that support them. So the railroads would get a lot of business, particularly with coal from Colorado, Utah and Wyoming.

Since the heat content of western coal is only a half to two-thirds that of the high-sulfur eastern coal it would replace, the utilities would need substantially more tonnage to do the job. Small wonder, then, that western roads like the Burlington Northern and Union Pacific, both of which are also in the coal business, have jumped on the bandwagon to support legislation permitting free choice. The eastern carriers—CSX and especially Norfolk Southern, with customers on both sides of the argument—have preferred to remain neutral. After all, why alienate their high-sulfur coal mine customers prematurely?

But there's no question which side the eastern roads' bread is buttered on. According to an independent study made for the Alliance for Clean Energy, a joint coal producer/coal railroad group, the low-sulfur option would require 100 billion additional ton-miles of transportation from the west by 1995, of which 95% would be provided by railroads. And that's no mean increment. In 1982 the railroads' total traffic volume was less than 800 billion ton-miles.—J.C.

Despite improving prospects, the final shakeout is under way in this seriously troubled industry. For 1984 the word will be merger.



Steel

By Kevin McManus

THIS INDUSTRY is going to have a better year in 1984," says Harry Holiday, chairman of Armco Inc. "All predictions are that tonnages are going to be up somewhat."

"It's conceivable that we could even operate at capacity in specific product lines," adds Thomas Graham, vice chairman of U.S. Steel.

It has been so long that it hardly seems possible, but, yes, recovery actually is at hand in the steel business. The first to feel it: producers of sheet steel for Detroit like National, Inland and LTV, although it can't yet be seen in the latest 12-month figures on the Forbes Yardsticks. National Steel, especially, has benefited, since its largest sheet mill is right in Detroit. Makers of steel for appliances and electrical machinery also have begun to see increased orders. Heavier products—structural shapes, rails and tubes—will revive as soon as there's a significant pickup in capital spending, already under way in some industries. That will help producers like U.S. Steel, Armco and Bethlehem. By the second half of this year all seven of the country's major steelmakers will probably be in the black. U.S. Steel is even predicting four quarters of operating profits, based on a modest uptrend in capital spending in 1984.

The trouble is, the industry has been down for so long that it will take at least a decade of vastly improved prospects to put it back on its feet. What small profit the big steel producers do make in 1984—perhaps

Taking it to the courts

Antidumping suits are always messy, but when they involve Third World exporters hard pressed to pay their bank loans, they are doubly difficult. If the U.S. government comes to the aid of the beleaguered American steel industry by imposing import quotas, it risks pushing those Third World countries closer toward default.

Consider Bethlehem Steel's threatened suit, which would seek to restrict the total amount of steel foreigners can legally export to the U.S. In 1983 steel imports accounted for some 22% of U.S. consumption, or about 20 million tons, out of the roughly 85 million tons sold in the U.S. Bethlehem and other big steel companies backing the suit would like to see that import tonnage cut back to about 15%. That, of course, might trigger reprisals from Japan and Europe, which are already limiting exports here.

On top of that, the International Trade Commission, a government agency that deals with such matters, still has to wrestle with the Gilmore Steel case. Gilmore, a small Portland, Ore. plate producer, has sued exporters from West Germany, Belgium and Korea for dumping plate products in its West Coast market. The case, which so far has advanced in Gilmore's favor, could be as sticky as the U.S. Steel and Bethlehem cases, because a ruling in Gilmore's favor could wreck the 1982 accord between the EEC and U.S. steel producers. And that could cause the same headaches that the U.S. government would seek to avoid by throwing out the Bethlehem and U.S. Steel cases.

Thomas Boklund, president of Gilmore, believes the EEC and Japanese accords would not be ruined by a ruling in Gilmore's favor. "I think there's too much to be lost by the Europeans," he says, were they to scotch the existing arrangement. "Our complaint is on one product only, whereas the arrangement covers many products."

Boklund points out that the Gilmore suit was do-or-die for the little company, which was operating at only about 30% of capacity for most of 1983. "But in order to compete and stay in the market," he says, "this is an avenue we have to take, unfortunately."

That sentiment pretty much holds true for the big producers in their legal actions against foreigners. Like Gilmore, they feel they are being driven out of business by overseas competitors, most of whom are nationally owned. If antidumping suits and steel quotas threaten to disrupt already shaky financial and political connections between the U.S. and its trade partners, well, that's Washington's problem. If the U.S. wants to have a viable steel industry, then, for the moment at least, the foreigners had better be kept out or, at least, largely cut off.

Are the rulemakers in Washington receptive to this reasoning? "I think they understand the problem," says Harry Holiday, chairman of Armco. "But, most probably, we still have to file suits in order to bring some action."—K.M.

$1.5 billion, according to Oppenheimer Vice President John C. Tumazos—will certainly not be enough to finance the modernizing effort that steelmen say is necessary to make them globally competitive. Nor will it be enough to attract economic financing on Wall Street. About all one can say is that after two years of staggering losses and chopping of plant and personnel, any profit at all is a step in the right direction.

None of this applies, of course, to the recycling arm of the industry, the so-called minimill operators such as Chaparral and Nucor. Those companies have stayed quite healthy because of lower labor costs (most minis are not unionized); lower transportation costs (because they tend to be situated close to their markets); and, most importantly, far lower capital spending requirements (they melt inexpensive scrap in efficient electric-arc furnaces, for the most part).

The central issue is what's happening to the Big Seven steel producers that make raw steel: U.S. Steel, Inland, LTV, Republic, Armco, National and Bethlehem. To build a brand-new supermill that would be competitive with the best Japanese mills would cost about $2,000 per ton of capacity (vs. $250 to $750 per ton for electric-arc minis, depending on the product), estimates Richard Smith, vice chairman of Bethlehem. "And the current return on the steel business is such that the investment couldn't be justified." It certainly isn't justified, and has not been for years. Look at the big steelmakers' return on capital over the past five years: U.S. Steel, 3.8%; Armco, 0.1%; Republic, 0.0%, and so on.

Because the industry's costs are simply not competitive internationally, even with more demand, the steelmakers face a host of other problems:

- Imported tonnage, which accounted for 22% of total steel sales in 1982. While most of it comes from Japan and Europe, a growing amount also comes from Third World producers like Brazil, South Korea, Mexico, Taiwan—even Trinidad and Tobago. After European and Japanese producers agreed in 1982 to limit steel exports to the U.S., developing countries rushed to take up the slack. The problem is worsening. Troubled Wheeling-Pittsburgh threatens to import semifinished steel from Brazil, as U.S. Steel wants to do with British Steel. No surprise, then, that Bethlehem Steel planned a major trade suit before the International Trade Commission, seeking to establish stiff U.S. import quotas *(see box, p. 154)*.
- Excess capacity. Despite wholesale downsizing by the industry, domestic steelmakers still possess the plant, equipment and manpower to

Steel

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Worthington Inds	1	27.6%	17.2%	0.6	2	17.9%	11.6%	4.5%	1	25.0%	1	20.7%
Nucor	2	23.9	10.5	0.2	1	18.6	9.4	4.9	2	20.1	2	19.6
Northwest Industries	3	21.3	1.7	0.5	4	12.5	2.3	0.6	9	9.4	3	13.8
Carpenter Technology	4	15.3	6.6	0.2	3	14.0	5.2	4.6	6	10.2	5	8.4
Commercial Metals	5	14.5	7.1	0.2	7	11.6	6.6	0.9	3	14.6	4	8.8
Earle M Jorgensen	6	13.8	3.5	0.2	6	12.1	3.7	2.6	14	5.8	8	5.0
Central Steel & Wire	7	12.5	10.3	0.0	5	12.3	10.1	3.4	17	4.5	7	6.2
LTV	8	9.8†	def	1.3	15	5.0†	def	def	5	11.9‡	6	7.1‡
Colt Industries	9	9.6	17.6	0.5	8	7.5	14.6	5.6	11	7.1	10	–9.9
Athlone Industries	10	8.2	def	1.3	9	6.9	1.4	def	26	2.1	11	–11.4
Interlake	11	7.2	3.6	0.4	10	6.2	4.0	1.5	15	5.3	9	–4.8
Crane	12	7.1	def	0.6	13	5.5	def	def	22	3.7	13	–13.1
Copperweld	13	6.6	def	0.5	11	5.7	def	def	13	6.0	12	–11.9
Northwestern Steel	14	5.1	def	0.0	14	5.2	def	def	21	4.0	14	–14.1
Cyclops	15	3.2	def	0.4	16	3.8	def	def	10	8.7	15	–15.0
Hecla Mining	16	1.8	def	0.2	19	2.1	def	def	28	–4.2	17	–31.1
Lukens	17	1.6	def	0.6	18	3.0	def	def	12	6.2	16	–29.0
National-Standard	18	1.3	def	0.2	20	1.6	def	def	23	3.2	19	–34.0
United States Steel	19	1.1	def	1.0	16	3.8	def	def	7	10.1	18	–33.6
Inland Steel	20	def	def	0.6	21	1.1	def	def	16	4.9	20	P–D
Republic Steel	21	def	def	0.5	24	0.0	def	def	18	4.3	20	P–D
Armco	22	def	def	0.4	23	0.1	def	def	8	9.5	20	P–D
Kaiser Steel	23	def	def	0.9	25	def	0.8	def	19	4.1	20	P–D
Wheeling-Pitts Steel	24	def	def	1.1	22	1.1	def	def	27	0.1	20	P–D
National Intergroup	25	def	def	0.7	26	def	def	def	20	4.0	20	P–D
Keystone Consolidated	26	def	def	0.6	27	def	def	def	25	2.6	20	P–D
NVF	27	def	def	3.2	12	5.6	def	def	4	12.2	20	P–D
Bethlehem Steel	28	def	def	1.0	28	def	def	def	24	2.7	20	P–D
Industry medians		4.2	def	0.5		5.1	def	def		5.6		–14.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average. ‡Four-year growth. P–D: profit to deficit. def: deficit.

produce far more pipe, plate, sheet, etc., than can possibly be consumed domestically or sold overseas. Total U.S. industry capacity is something like 150 million tons a year—20 million too much, by some estimates. So the downsizing continues. Closed in October: 75% of Bethlehem's 81-year-old, 1,696-acre Lackawanna, N.Y. plant, which has been darkening in stages since 1970. To be closed this month is Armco's 42-year-old Houston works, which once turned out plate for Texas oilfield drilling rigs.

• Outmoded plant. Most of the U.S. mills that remain open after the shutdowns will need modernizing. The newest U.S. mill is Bethlehem's Burns Harbor, Ind. works, a 20-year-old facility that is only medium-size by international standards.

• Costly labor. American steelworkers are still paid more than their foreign counterparts, by a margin of 50% to 100%. Labor cost accounts for about 40% of the selling price of U.S.-made steel, vs. about 18% for that made in Japan.

All of which is not to say that domestic steelmakers don't deserve a lot of credit for facing up to their troubles. "The companies have done everything in their power to adapt," says Tumazos. But one measure of how much remains to be done is the fact that less than 30% of American steel is continuously cast, vs. about 90% of Japanese steel. The continuous casting process turns out a single strand of molten metal for simultaneous rolling, thereby eliminating ingot casting, reheating and trimming. Continuous casters are running now in Bethlehem's Burns Harbor facilities and will come on line at Sparrows Point, Md. in 1986. U.S. Steel, which has casters installed at Fairfield, Ala., Lorain, Ohio and three other facilities, says it will be casting 30% of its steel this way by 1986.

U.S. Steel's efforts to make a deal to import 1 million tons of low-cost slab annually from British Steel's 20-year-old Ravenscraig mill in Scotland (and finish the slabs at its Fairless works) is tacit recognition of the fact that this is too little, too late.

That venture is opposed by unions in both countries and could be blocked by either U.S. or British regulators. But even if the U.S. Steel deal should fall through, some slab importation arrangements are likely to be worked out, perhaps with less fanfare, with countries active in the slab export business like Brazil, Sweden, Canada and Korea.

Brazilian steel wire being unloaded in Houston
Whose problem—domestic steelmakers' or Washington's?

Other U.S. steel producers are attempting somewhat less defeatist solutions. Perhaps the most notable example is the proposed merger of LTV and Republic, which would create the second-largest steel firm in the U.S. and permit both integration and downsizing. If Washington okays that deal—most steelmen believe it will—others may follow. "I think we'll see a merger or two beyond LTV-Republic, and probably sooner rather than later," says Ralph Thompson, a Commerce Department steel analyst. "Wheeling-Pittsburgh is clearly a candidate for something."

Republic implicitly is agreeing with the view of U.S. Steel Chairman David Roderick, who believes that by the end of this decade only three to five fully integrated steel companies will exist, producing 60% to 65% of the nation's steel. Thomas Graham, Big Steel's second-in-command, elaborates: "I expect we'll see merger activity and we'll see financial failures. We'll see a reshaped industry that is created by a survival mode like that." ■

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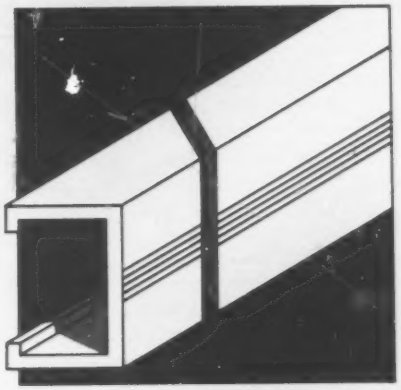
Fundamental changes in the world's economy are causing the recovery to pass by most of this most basic of basic industries.



Nonferrous metals

By James Cook

SOMETIMES MANAGEMENT isn't everything. The $30 billion U.S. nonferrous metals industry is being shaken to its roots these days by the steadily declining importance of metals in the world's total economic activity and by the increasing role that governments are coming to play in the world's base metals business.

The effect of those two forces on metal prices has been devastating. In 1983 copper shot up from 69 to 83 cents a pound, and then dropped back to 69 again, the lowest level in real terms since the Thirties. Lead hovered around 20 cents a pound and rose to 26 cents in the fall, vs. over 60 cents in 1979. Molybdenum at $4 and nickel at $2 were something like 50% below their 1980 highs, with no upturn in sight. Silver, up from $4.88 to nearly $15 an ounce in early 1983, was back to $9 by late fall. And gold had dropped from a 1980 high of $851 an ounce to $400 by late fall.

Thanks to auto and housing demand, only aluminum and zinc were out of the woods, with zinc at 49 cents a pound, just a shade below its alltime high, and aluminum at a heavily discounted 81, the highest producer-price level in history.

Why was the nonferrous metals business in general being passed over in the recovery? At least in part because of fundamental changes that are taking place in the economy. For at least the last 30 years the U.S. GNP has become increasingly less materials-intensive. Between 1950 and 1981 the U.S. real GNP tripled, but steel consumption rose less than 50%, copper less than 30%, lead not at all and zinc actually declined. Only aluminum—the industry's high-volume growth business—succeeded in outpacing the GNP by a wide margin. And now even aluminum is losing ground as its customers work to get more from less, reducing the aluminum content of beverage cans, for example, by a prospective 17% over the next two years.

The energy crisis speeded up these changes, devastating one traditional

Nonferrous metals

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Cabot	1	21.3%	9.9%	0.3	2	14.0%	7.5%	4.1%	1	23.3%	1	29.3%
Engelhard	2	19.5	17.0	0.2	1	17.2	13.8	3.2	2	19.3‡	4	14.2‡
Handy & Harman	3	16.9	6.8	0.6	3	11.9	5.9	1.6	5	9.6	6	6.8
Newmont Mining	4	14.6	4.9	0.1	4	9.9	3.7	9.8	10	6.8	2	17.2
Alcan Aluminium	5	13.5	0.7	0.5	5	9.5	1.9	0.4	4	11.3	5	12.8
Alcoa	6	10.6	def	0.5	7	8.2	1.8	0.0	6	9.6	7	6.4
ASARCO	7	9.4	2.2	0.5	6	8.4	3.7	2.7	9	6.8	3	15.1
Kaiser Alum & Chem	8	6.0	def	0.6	9	4.9	def	def	7	8.9	9	–10.8
Reynolds Metals	9	5.3	def	0.6	10	4.1	def	def	8	8.7	8	–9.6
AMAX	10	4.4	def	0.6	8	5.5	def	def	3	15.8	11	–14.4
Phelps Dodge	11	2.9	def	0.6	11	def	2.9	def	11	5.2	10	–11.3
Inco	12	def	def	0.6	12	def	def	def	13	0.6	12	P–D
Revere Copper	13	def	def	6.2	13	def	def	def	12	4.9	12	P–D
Industry medians		9.4	def	0.6		8.2	1.8	0.4		8.9		6.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit.

metals market after another virtually overnight. Downsize the energy-sensitive segments of the economy, including its automotive component, as the U.S. set about to do in the Seventies, and you inevitably also downsize all the industries that depend on it. The metals-producing industries were affected most of all, except aluminum, whose light weight gave it an edge over most other materials.

Add to basic changes like this the worst manufacturing recession in a half-century, and you get the devastation so vividly reflected in this year's Forbes nonferrous metals industry Yardsticks: Revere Copper in bankruptcy, no fewer than 7 out of 13 companies in the red. The only companies able to keep their heads above water were Alcan, with the world's lowest-cost aluminum operations; Cabot, with a countervailing stake in oil, gas and chemicals; and 4 companies with a commitment in some way to precious metals, either as miners (Asarco, Newmont) or as processors (Engelhard, Handy & Harman).

The more specialized metals—nickel and molybdenum—were no better off than the base metals. Gone are the days when steel was the hallmark of industrial potency and specialized steels the big growth area, when the metals used primarily in making steel alloys that were harder, lighter or less rust-prone did impressively well, thereby enriching the world's two leading producers, Inco and Amax, who compounded their advantage by exploiting a near-monopoly on the world's economic reserves of their metals. Today both industries have more capacity available than they are likely to absorb in a decade, while the steel industry seems to be contracting worldwide.

Faced with fast-shrinking markets, Amax sought to offset its inordinate dependence on molybdenum by diversifying all over the lot. Trouble was, it ventured into adjacent businesses, often materials that proved to be every bit as vulnerable: nickel, copper, lead, zinc, fertilizers. True, it also went into aluminum, coal, iron ore, oil and gas, which were not as vulnerable as molybdenum. But Amax was not sufficiently contracyclical to offset the others. Inco's by-product copper, recovered in the process of mining nickel, made it one of the world's largest copper producers. But this was no protection. Copper was nearly as hard hit as nickel, and Inco's attempt to diversify with Electric Storage Battery was a $254 million disaster.

But the shifting patterns in the world's consumption of materials are only the half of it. The other half is increasingly widespread government ownership of the metals industries, a stake so large in steel, copper and aluminum that the balance of economic power is rapidly shifting away from the private sector.

It's a phenomenon scarcely limited to metals, of course. You could say the same of petroleum and petrochemicals, or airlines or telecommunications. But nowhere has the change been more dramatic and more disastrous than in copper. Over the past decade or so, all of the key Third World copper producers—Chile, Zambia and Zaire—have nationalized their copper production. Today something like 55% of the world's output comes from government corporations, vs. 33% a decade ago.

These new Copper Kings, as FORBES called such government enterprises a decade ago, are aloof from the profit disciplines that in the past have shaped the industry's development. What governs their conduct these days are such concerns as employment and foreign exchange and the

Games governments play

When a private company can't meet its financial obligations, it generally goes bankrupt. When a Third World government enterprise finds itself in the same position? It goes to the International Monetary Fund.

Don't laugh. That's just what's facing the copper industry these days—bankruptcies for the private companies, IMF backing for their government competitors.

In 1982, for instance, when copper consumption fell sharply worldwide, U.S. producers cut production back from 1.5 to 1.1 million tons in an effort to bring supply and demand into balance. Chile, however, increased production from 1 million to 1.2 million tons. It needed to keep its copper miners working, and it needed the foreign exchange copper would bring to service its $20 billion in external debt.

So who cared if copper prices went to hell in a handbasket? There was always the IMF to turn to. Its compensatory financing facility provides loans as balance of payments supplements when there is a temporary shortfall in a developing country's export revenues.

Chile, with its low costs, may have made money selling copper at 69 cents a pound, but its high level of production helped depress the price of copper. At such price levels, high-cost producers in Zambia, Zaire, Peru and Papua New Guinea couldn't make money any more than the North American producers could, though they kept on producing anyway. Export earnings for these countries dropped sharply, and the IMF had to come up with a compensatory $586 million for these countries as well. "It doesn't make any sense," says Asarco's Chairman Ralph Hennebach. "The margin between shortage and surplus is so small that if these countries had cut production, copper prices would have risen so much higher that they'd have made more on lower production than they did by producing full out."

Small wonder, then, that the U.S. copper industry is in such chaos these days. U.S. consumption has begun picking up, but U.S. producers aren't supplying the upswing. Instead, low-priced Chilean copper, which normally moves to Europe, is flooding into the U.S.

All things considered, of course, that isn't all bad. In the last economic recovery, copper soared to well over $1 a pound, whereas today, 13 months into the current recovery, copper remains at 69 cents a pound, near its recessionary low. So you could say that U.S. consumers are, in effect, getting an indirect price subsidy both from the Third World producers and from the IMF.

But that subsidy comes at a price, and that price may be the devastation of major parts of the U.S. copper industry. When governments set the economic terms of any industry, over the long haul only governments can reasonably be expected to play the game. So if the current situation continues, it's likely the U.S. government will have to meet fire with fire: become involved in the copper business itself. In the end, if that happens, the low price of copper may not be such a bargain after all.—J.C.

demands of the international lending agencies *(see box, p. 162)*. Never mind whether demand is high or low, whether prices are low or high, these government producers keep churning out metal, maintaining employment and foreign exchange. In the process, of course, they depress metals prices and export unemployment.

So the industry's private sector, situated primarily in North America, has attempted to bring supply and demand into balance by curtailing production. In the first half of 1983, for example, U.S. producers cut their output by 16%, to no avail. With the Third World producers running full out, total production worldwide dropped a mere 6%. Result: The private copper industry in the U.S. and Canada is being driven to the wall, not by the economics of production but by the politics of nationalization.

The results are obvious: Most of the major U.S. producers have already been absorbed by the oil or mining conglomerates. The few that are still independent have been forced to close down, temporarily, one mine after another, so that today the U.S.' most efficient copper producer, Phelps Dodge, had no choice but to endure a bitter strike and is being forced to liquidate major chunks of its other assets to stay solvent. "It's our intention," PD's able boss, George Munroe, demurs, "to reinvest our capital in areas where it can be more productive"—small mines, that is, and precious metals.

Asarco, one of the few major independent copper producers still around, would probably have been in similar difficulty except for the fact that it is also the U.S.' largest producer of silver. For part of 1983, silver was booming. "You don't manage for profit," Asarco President Richard de J. Osborne explains. "You manage for cash flow to meet your obligations."

Copper is not alone. Alcoa's new chairman, Charles W. Parry, complains that the private aluminum industry has also been hurt by continuing high levels of production from government-owned smelters in places like Venezuela and Bahrain. By 1985, in fact, Alcoa predicts government smelters will account for 50% of the industry's output, vs. 15% in 1960. Meanwhile, to an even greater extent than the rest of the industry, U.S. producers have had trouble coping with the rising costs of electric power (perhaps a quarter of the final cost of aluminum). That has already rendered more than 15% of U.S. capacity obsolete. U.S. energy costs now average an estimated 20 cents per pound, vs. 13 cents overseas. While U.S. producers—Alcoa most of all—have reduced the amount of power needed to produce a pound of aluminum, the U.S. is playing a losing game.

Chile's massive Chuquicamata mine
Private firms or government games?

Though most of its markets have begun to mature, the aluminum industry still thinks of itself as a dynamic growth business. So the three big U.S. producers are moving to Australia and Brazil, where inside of 10 or 15 years aluminum will probably cost 20% less to produce than in the U.S. So is Alcan, which, thanks to its low-cost hydroelectric power base in Canada, has steadily gained ground on its competitors all during the Seventies and very probably will continue to do so in the rest of the Eighties. Kaiser, meanwhile, despite its failures in diversifying in the past, hopes to develop a counterbalancing half of its revenues in other areas; Reynolds aims at becoming more of a fabricator.

The pattern is clear: America's base-metals producers are steadily losing ground to their foreign and primarily government-owned competition. As a result, the U.S. will almost certainly come to depend more and more on imports for its basic materials. According to Dean Witter First Vice President J. Clarence Morrison, unless the trend is reversed, by 1990 the U.S. will probably be importing 30% of its copper requirements, vs. 15% currently; 36% of its aluminum, vs. 20%; 75% of its zinc, vs. 55%; 60% of its nickel, vs. 45%.

Still, there are some real winners in the business, notably Handy & Harman, Engelhard, Cabot and Newmont Mining. But neither Handy & Harman, Engelhard nor Cabot is in mining. Handy & Harman and Engelhard are precious metals refiners and fabricators, with successful diversifications into specialty metals products and catalysts, respectively, while Cabot more than offsets its specialty metals operation with petroleum, petrochemicals and carbon black.

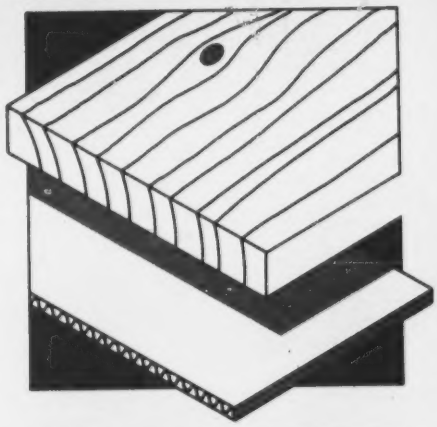
As a mining enterprise, the group's star performer is Newmont Mining. Though it ranks as one of the world's largest copper producers and even increased its stake a year ago by picking up Cities Service' copper properties, Newmont makes its money these days from some strikingly successful ventures into coal, oil and gas and, most spectacularly, gold. Newmont's Carlin mine was a winner when gold was at $35 an ounce. It's a real gold mine with gold at $400 an ounce, never mind at over $850. Newmont's diversification is as varied and unstable as that of anyone else in the mining business, but, given the present needs of the market, it has almost alone been able to meld those instabilities into a profitable combination. No wonder Britain's Consolidated Gold Fields may increase its Newmont investment from 26% to 33%.

What's ahead? Nobody has much doubt that aluminum should score a dazzling comeback in 1984, so much so that some analysts are even predicting a shortage. Ditto zinc and possibly lead, both of which hit a new floor in demand during the recession. Silver and gold still boom and bust on their reputation as storehouses of value. As they are currently out of favor, prices and profits hinge on the level of industrial demand, which is finally beginning to recover from the low levels of 1982. Nickel's and molybdenum's fortunes depend partly on steel's. They had better be better in 1984 than they were in 1983 or the industries may not survive.

Nobody really knows what's ahead for copper. Under normal circumstances rising demand from housing and automotive markets ought to have sent copper prices and profits soaring long before now. But it hasn't. Coppermen now wait for an overdue upsurge in capital spending to do the job. The worse things get, the more mines close, the sharper and more explosive the upswing ought to be. As Asarco's former Chairman Charles Barber points out, "History teaches that a small shortage creates a disproportionate increase in price, and, conversely, a modest surplus creates a disproportionate decrease in price."

So near, and yet so far. ■

Government deficits are likely to depress housing starts and the wood and lumber companies' profits, but prosperity for the papermakers is virtually in the bag.



Forest products

By Lawrence Minard

IF ONLY WASHINGTON doesn't screw things up.... So ran the thinking of forest products company chief executives as 1983 ended. Housing starts, up 70% last year, were back to normal. Wood products, which typically lead the industry out of recession, had already enjoyed a dramatic turnaround. Industrial production, key to such depressed paper products as linerboard, was beginning to pick up. In short, the industry was finally back on course.

Nevertheless, Potlatch Corp. Chairman Richard Madden was glum when he addressed security analysts in October, despite third-quarter results of $10.8 million, which were better than twice 1982's third quarter. Potlatch's immediate prospects, Madden conceded, were "encouraging." But not so longer-term prospects. "Despite all the rhetoric from Washington," he warned, "excessive federal spending and huge budget deficits over the next several years ... [are] fundamental roadblocks that threaten the current recovery and dampen our enthusiasm about the longer term."

The basis for Madden's fears is obvious. Huge deficits mean upward pressure on interest and mortgage rates, and that's death to housing starts—and the wood companies' profits. The industry hasn't seen a good housing year since 1978, when starts were 2.1 million. By 1982 they had plunged to just over 1 million, the worst level since the 1930s. The Yardsticks show the damage. Potlatch, Georgia-Pacific, Louisiana-Pacific, Boise Cascade, Southwest Forest, Weyerhaeuser—in every case the companies' five-year average equity had trouble keeping even with inflation or fell well short of it. Because 1982's fourth quarter was one of the worst on record, returns for the latest 12 months still lag the five-year averages by quite a margin despite the upturn in housing. Clouding the outlook for some West Coast companies, Southwest Forest, for example, are government timber-cutting contracts signed a few years ago at very high—and today very uneconomic—prices. Should the government force the companies to honor the contracts, wood products' earnings will be adversely affected.

What worries the forest products industry is how vulnerable demand for housing is to interest rates. When interest rates fell last spring, housing starts picked up smartly, to an annual rate of 1.9 million in August. But then interest rates bounced up again, which immediately knocked starts down to an annualized 1.6 million by November and around 1.7 million for the full year.

The problem, of course, is one of affordability. The "affordability ratio" is that portion of a typical American family's after-tax income devoted to financing a home. The ratio was 22% in 1977, when housing starts stood at 1.9 million units. Last year the ratio was over 30%. Economists at the Federal National Mortgage Association figure the ratio must drop to 25% to sustain housing starts at 1.75 million units. But a 25% ratio, they say, requires conventional mortgages at no more than 11.5%, vs. 14% today.

Even if housing stays at 1.7 million units this year, forest products companies won't be on easy street. Houses have been downsized, and an increasing number of buyers are switching to less ex-

Construction workers nailing Louisiana-Pacific's waferboard
New competition is the sincerest form of flattery.

pensive multiple-family dwellings. Both trends mean less wood sold. That means this will be the year of the low cost producer. Weyerhaeuser, for example, unlike most of its competitors, owns 6 million acres of very low cost timber and supplies all its lumber requirements. Even modest growth in demand for its lumber products will flow more or less directly to the bottom line. What makes Weyerhaeuser doubly appealing is that it has spent around $2.5 billion over the last five years mostly on pulp, paper and container making capacity. These lines now account for around 40% of Weyerhaeuser's $4.8 billion sales and position the company well for the surge in papermakers' profits that should follow the overall economic upturn likely to continue this year.

Timber-poor Louisiana-Pacific in Portland, Ore. has figured out a novel way to cash in on the upturn in downsized housing. LP Chairman Harry Merlo has invested heavily in waferboard, a new plywood substitute. Waferboard is made from peels of inexpensive trees like lodgepole pine and aspen. According to a recent study by Bowen Smith, Salomon Brothers' ranking forest products analyst, waferboard costs up to 30% less to produce than southern pine plywood. Yet it can be substituted for plywood in virtually all applications, indoors and out. Although it has less than 5% of plywood's sales so far, the growth potential of waferboard is impressive.

The surest sign of that is that plywood producer Georgia-Pacific is moving strongly into waferboard and a similar substitute, oriented stand board (OSB). GP, which produces 19% of America's plywood and sells 30% of it, now has two waferboard and OSB mills in operation and has announced it will add three more by 1985. That would give GP around 20% of the country's plywood substitutes capacity by 1985, against Louisiana-Pacific's 36% share then.

At the upper end of the industry Yardstick rankings last year were the wealthier papermakers. Once again Fort Howard of Green Bay, Wis. and James River of Va. stood head and shoulders above the pack. Fort Howard has developed an expertise at turning fiber waste products into valuable commercial tissues. Because fiber wastes are far cheaper than the virgin pulp most of its competitors use, Fort Howard has become the lowest-cost producer in the highly competitive tissues market.

James River, too, is the low-cost producer in several of its product lines. The company has avoided huge capital spending for new plants because it has been able to buy underused plants from less specialized papermakers. Moreover, James River is highly integrated: It converts trees to pulp, pulp to paper and paper into high-value-added paper cups, automotive filters, disposable towels and other products *(see box, p. 172).*

The cyclical paper industry will enjoy a fine year in 1984. Paper depends not on mortgage rates and housing starts but on overall business and consumer spending patterns. At the cyclical peaks, when everyone is running at full capacity, even a high-cost, widely diversified company like International Paper can earn over 25% on

Forest products

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
James River Corp Va	1	26.7%	25.0%	1.0	2	16.7%	17.5%	3.9%	1	56.2%	1	30.0%
Fort Howard Paper	2	24.0	22.7	0.1	1	18.9	18.3	16.0	2	15.8	2	15.7
Consolidated Papers	3	18.4	14.0	0.1	3	15.7	12.0	8.6	4	11.7	3	12.9
Kimberly-Clark	4	17.9	12.0	0.2	4	13.9	9.5	5.3	7	11.2	4	12.7
Union Camp	5	15.4	10.7	0.3	5	10.9	7.0	7.0	11	9.5	8	5.7
Federal Paper Board	6	13.2	4.3	1.4	11	7.8	4.3	1.3	21	6.1	10	4.6
Gt Northern Nekoosa	7	13.0	8.7	0.4	6	9.3	6.2	4.9	5	11.4	6	6.6
Westvaco	8	12.7	8.2	0.3	8	9.0	6.4	4.2	14	8.6	7	5.9
International Paper	9	12.6	5.8	0.3	7	9.2	5.1	5.0	24	5.5	9	4.9
Hammermill Paper	10	10.4	4.4	0.6	16	6.8	3.1	1.4	3	13.2	11	4.3
Scott Paper	11	10.2	6.2	0.3	10	7.8	5.2	4.0	10	9.6	5	6.8
Willamette Inds	12	9.9	5.5	0.9	9	8.1	4.7	2.2	8	11.1	16	–4.2
Weyerhaeuser	13	9.8	3.4	0.4	12	7.6	3.7	2.7	16	8.4	14	–3.1
SCM	14	9.2	3.0	0.5	14	7.2	3.4	0.9	19	6.3	12	3.8
Potlatch	15	8.9	5.2	0.5	18	6.6	4.2	4.2	19	6.3	15	–4.2
Georgia-Pacific	16	8.5	2.0	0.6	21	5.9	2.4	0.7	6	11.4	19	–6.3
St Regis	17	8.4	def	0.6	19	6.4	0.5	def	15	8.5	17	–4.3
Boise Cascade	18	8.4	3.8	0.6	15	6.9	4.2	1.7	12	9.4	13	0.2
Champion Intl	19	8.2	3.5	0.5	20	6.0	3.4	1.7	22	6.0	20	–6.5
Mead	19	8.2	def	1.0	17	6.7	1.3	def	13	9.2	21	–9.2
Longview Fibre	21	7.4	4.6	0.7	13	7.6	4.6	2.6	17	7.6	22	–10.6
Louisiana-Pacific	22	6.5	2.7	0.2	23	4.6	2.1	1.9	9	10.8	18	–5.2
Crown Zellerbach	23	3.9	2.8	0.6	24	4.1	4.1	1.8	18	7.1	23	–18.8
Southwest Forest Inds	24	1.7	def	1.1	22	5.5	0.5	def	23	5.7	24	–26.4
Industry medians		9.9	4.5	0.5		7.6	4.3	2.4		9.3		2.0
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

equity, as IP did in 1979, the industry's last boom year. Then the paper companies spend heavily on new capacity. The operating leverage that boosts earnings in the boom years comes back to clobber them as the economy dips. With the economy turning up again, operating leverage is beginning to work its old magic.

Look at badly hit St. Regis, which lost $49 million in 1982's fourth quarter, thanks to a writeoff on businesses being disposed of. St. Regis produces around 760,000 tons annually of linerboard, the brown paper linings on boxes. With everything from white goods to kids' toys moving off the shelves in 1983, as banner Christmas sales loomed, demand for linerboard picked up. So did its prices: up from around $220 a ton in 1982 to nearly $300 a ton late in 1983; $320 a ton is anticipated by early 1984.

"So you're looking at a $76 million swing for us on linerboard alone," says St. Regis Chairman William Haselton. Haselton predicts St. Regis earnings of $4 a share in 1984, vs. 1982's $1.29 a share. That's leverage.

Another product likely to do well in the coming years is uncoated white printing paper, which spews forth from computers and copiers. Union Camp Chairman Peter McLaughlin has wisely shunned broad diversification and concentrated his spending primarily on uncoated white papers and linerboard. He has torn a page from Fort Howard's book: He has developed a specialty chemical business that converts cheap waste chemicals into high-value-added resins. From nothing, Union Camp's chemicals division has grown to $260 million (sales). Says McLaughlin: "Frankly, I see nothing in any of our businesses that worries me this year."

The world's largest supplier of office copy paper is Great Northern Nekoosa. But Great Northern was hit by a 44-day strike last summer that cost the company nearly $11 million. The strike is over, as is most of the spending on a $560 million pulp mill in Mississippi, scheduled to open in September. Half of the new plant's output will be exported, mainly to Europe, a clear sign that the Scandinavians are running short on trees and are no longer the fierce competitors in the international pulp trade they once were. Of course, the paper industry's oldest enemy is the greed of its own executives in the up cycles. So it's not too soon to ask whether there will be another binge of overbuilding as profits rebound. Union Camp's McLaughlin thinks not, if only because new plants are so costly. He cites a plant he built in the 1960s, which cost $60 million. In 1977 he built an identical plant. Cost: $250 million. Today, he says, the plant would cost over $500 million to build, if Union Camp could obtain all the required permits. "That kind of capital simply is not available to very many companies," says McLaughlin.

So the industry can probably count on another year or two of prosperity, unless those $200 billion-plus government deficits throw a wrench into the recovery. Says Union Camp's McLaughlin, "We keep hoping the politicians will do something." ■

The best little paper company in America

From the Yardsticks, James River Corp. of Virginia looks more like a hot computer maker or defense contractor than a paper company. Founded 15 years ago by chemical engineer Brenton Halsey, now 56, and mechanical engineer Robert Williams, 53, James River's sales have grown at 56.2% annually over the last five years, to $2.4 billion today. Profits have compounded at 30%. Through boom and bust the company has earned, on average, 26% on shareholders' equity—better than twice the typical paper company's average.

It's been achieved by acquisitions, but this is no hall of mirrors from the Sixties. Halsey and Williams built their company by buying up numerous small mills that had become unsuited to the great economies of scale of the commodity grades but were ideally suited to the much smaller markets of specialty grades. In recent years, they have expanded into industrial and consumer commodity grades, but only in those lines where value-added is highest. The company now produces papers used in industrial items like sandpaper backing and automotive filters and consumer items like paper towels, sanitary tissues and paper cups. "We have no desire," says Halsey, "to become a cross section of the paper industry." The widely diversified giants that owned these small mills could have switched them over to specialty grades, too, of course, but either didn't find it worth their while to bother or were deterred by the need for a very specialized sales force.

So Halsey and Williams have been able to buy assets quite cheaply. Halsey says he usually pays book value or less and generally pays with combinations of James River stock (which trades at better than twice book) and cash borrowed against the acquired assets. In this sense, Halsey and Williams are leveraged buyout artists working from behind a corporate facade.

Once they buy an asset, Halsey and Williams use its cash flow to repay debt, improve productivity by modernizing plant and equipment and upgrade product lines. It works: James River's average selling price last year was $1,600 a ton, vs. the industry average of $500 to $600 a ton.

How long can James River keep buying ever larger ever more frequently? In 1980 it bought Gulf & Western's $500 million (sales) Brown Co. for its big pulp mill in New Hampshire. In 1982 it paid $450 million for American Can's $1.1 billion (sales) Dixie-Northern operations, makers of the Dixie cup; Dixie-Northern gave James River another large pulp mill in Alabama. Last year the duo paid Sir James Goldsmith $170 million for Diamond International's pulp and paper assets. The American Can and Diamond International acquisitions added around $1.3 billion in consumer paper products to balance out the industrial side.

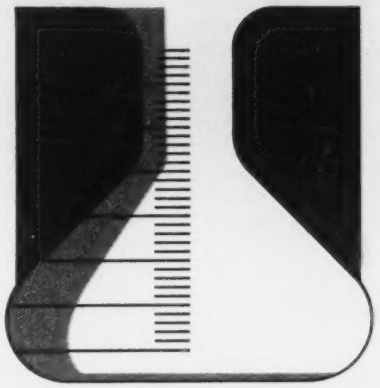
Now that is the corporate fast track. But Halsey says he can keep it up. He promises to compound James River profits at a minimum 15% annually, after inflation, for the next five years. To do so James River is spending $1 billion during 1983-87, all internally generated. Around $350 million will go for basic upkeep. The other $650 million is earmarked for plant refurbishment and expansion. This, says Williams, will double James River's operating margin, from 3% in early 1983 to 6% by 1987, and by 1987 will triple the company's profits.

Says Williams of the implied 24.5% annual earnings growth rate: "We think that's very conservative."

Well, it is a $40 billion industry, so there's still lots of room to maneuver.—L.M.

The recovery is under way in the chemical industry. Now if producers can just keep those expansion plans on the shelf.

Chemicals



By Thomas Jaffe

THE PRICE RISES were beginning to stick in the chemical industry last year: in ammonia fertilizers, as high as $160 a ton, vs. $115 last summer; in polyester fibers, from 75 cents a pound to 82 cents during the same period; and in plastics, like low-density polyethylene and polypropylene, up more than 20% during 1983. But talk to chief executives and they sound a warning note at once. "Volume is improving, but from a very low point," says Paul Oreffice, chief executive officer of $10.6 billion (sales) Dow Chemical Co., which sank sharply in the latest 12 months on Forbes' industry Yardsticks because of slumps in such commodities as caustic soda and ethylene glycol and a sharp swing into the red by its Dowell oil production services. "At the end of 1982 we were operating at 65% of capacity. Now we're at 75%. That's not lousy, it's just bad. We'd like to be in the 80%s, so there's still a ways to go." Not until 1985, in Oreffice's opinion, can Dow hope to get back to peak 1980 levels.

The caution is commendable. Here is an industry with a tendency to get carried away in good times and to overexpand, with dire results, when demand turns down. Under pressure from the recession, the industry has been shedding a lot of the fat. Consider $9.1 billion (sales) Union Carbide Corp., just as badly hurt as Dow on the Profitability Yardsticks and only now beginning to recover after eight successive quarters of down earnings. Since 1978 Carbide has unloaded over $1 billion of assets, and is still at it. Recently the company wrote off $140 million, including a polyethylene operation in Texas and olefin and derivative facilities on the Gulf Coast.

Nevertheless, significant pockets of overcapacity still exist. Since 1980 a spate of plant openings in western

Chemicals

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
W R Grace	1	15.0%	7.1%	0.5	3	10.4%	5.5%	2.6%	6	9.7%	5	6.4%
Rohm & Haas	2	14.6	16.5	0.3	2	11.2	12.8	7.3	5	10.0	1	22.0
Dow Chemical	3	13.5	4.9	0.6	8	8.9	4.9	2.3	4	13.1	13	–1.6
E I du Pont	4	13.5	9.2	0.5	1	11.5	7.4	2.8	1	22.5	3	8.3
Diamond Shamrock	5	12.9	7.4	0.5	9	8.8	5.7	3.2	3	18.7	16	–6.1
Hercules	6	12.8	11.4	0.4	4	10.3	10.2	5.7	8	9.0	2	9.4
FMC	7	12.8	12.1	0.3	5	9.3	8.6	4.6	13	7.9	4	7.1
Stauffer Chemical	8	12.2	def	0.3	6	9.0	0.5	def	14	7.6	10	–0.6
Allied Corp	9	11.6	9.0	0.2	10	8.2	7.4	3.7	2	18.8	6	4.4
American Cyanamid	10	11.5	9.7	0.3	7	8.9	7.9	4.3	7	9.4	7	1.8
Union Carbide	11	11.1	4.3	0.4	12	8.1	3.8	2.5	12	8.0	8	0.9
Monsanto	12	10.4	9.2	0.3	13	7.5	6.8	5.4	9	8.9	12	–1.3
National Distillers	13	9.8	4.4	0.2	11	8.1	4.5	2.3	15	6.3	14	–2.4
Pennwalt	14	9.0	6.2	0.4	14	7.1	6.0	2.8	17	6.1	15	–2.8
Celanese	15	8.2	3.1	0.6	16	6.3	3.2	1.2	10	8.6	9	–0.6
Olin	16	8.2	6.9	0.3	15	6.5	5.7	3.0	16	6.1	11	–0.9
Reichhold Chemicals	17	6.3	8.4	0.3	17	5.2	6.1	2.3	11	8.0	17	–7.7
Medians		11.6	7.4	0.3		8.8	6.0	2.8		8.9		–0.6

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

Canada has helped increase North American methanol capacity 56%, to 2.5 billion gallons. Demand is only 60% of that. Since these Canadian operations run on cheap natural gas, they are a major threat to higher-cost U.S. producers like Celanese, which has Canadian capacity of its own.

Another overbuilt market is that of ethylene glycol, used mainly in antifreeze and polyester fiber. For instance, Union Carbide has a 520-million-pound-capacity plant scheduled to open this year in Alberta. Additions like this will boost capacity to around 7 billion pounds; current demand is only 4.8 billion.

In worse shape is the $650 million soda ash business. In 1980-81 soda ash, used in glass and phosphate refining, was enormously profitable for producers like Stauffer Chemical and FMC. As a result, by 1983 producers expanded capacity nearly 30%—from 9.2 million tons to 11.8 million. The chief player was Tenneco, accounting for 1 million tons of the rise.

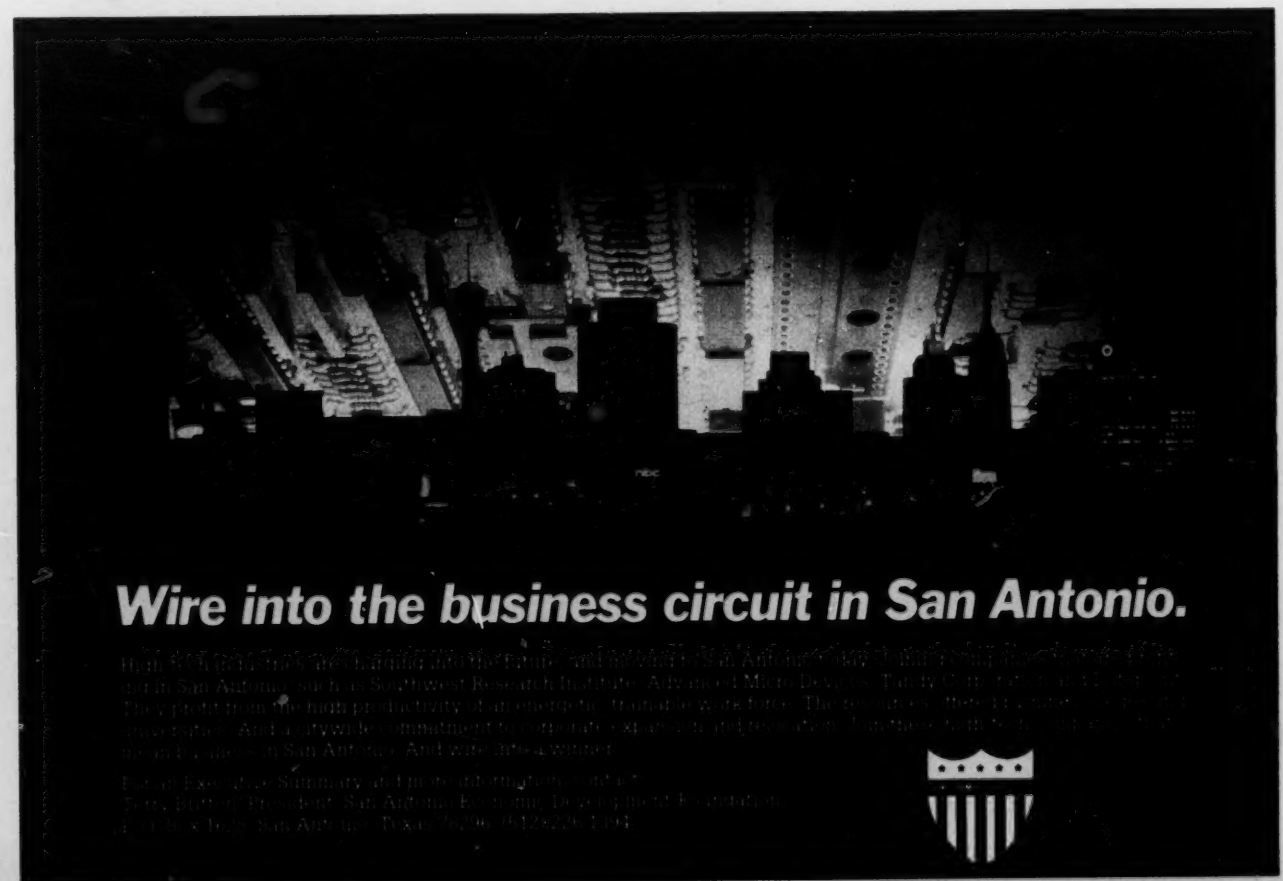
Trouble is, the long-term growth rate of soda ash is a meager 2%. The domestic market simply has been unable to absorb the new tonnage, and foreign markets have grown more slowly than expected. So list prices, which peaked at $92 a ton in July 1981, are now running in the low $80s, and cutthroat competition has even driven actual prices below $70.

Finally, there is chlorine. Although demand is up, the business still isn't operating at much more than a 70% rate. But an estimated 5% of capacity is permanently shut, and this figure ought to double by the end of 1984. Chlorine producers are faced with a real dilemma, though. Because they have already retrenched, greater volume for some products has led to spot tightness and higher prices. "The danger is that once there is the slightest positive news, companies will be tempted to reopen a bunch of plants that should never be started again," notes Dow Chief Executive Oreffice, who says he's still wary of reopening 20% of Dow's own capacity now shut.

Meanwhile, most of the Yardstick companies have been redeploying assets, striving mainly to concentrate their bets in the safer and generally more lucrative specialty chemicals. One of the more enthusiastic proponents of redeployment has been $2.5 billion (sales) Hercules Inc., which along with equally acquisitive Rohm & Haas has held up well in the latest 12 months' profitability rankings. Over the past five years Hercules has wiped off its balance sheet half its 1978 assets of $1.6 billion, consisting mainly of commodity petrochemicals, including $450 million spun off into a polypropylene resins joint venture with Italy's Montedison. In their place are more than $1 billion of new assets (not including the acquisition of Simmonds Precision Products, in electrical components), more than double the amount in water-solubles, aerospace and explosives, and a substantial increase in organics.

"This is one hell of a lot different company than it used to be," says Hercules CEO Alexander Giacco. "What we've done is to strip the oldies down to their bare essentials and then put money behind them."

Hercules is now running at 70% of capacity, which is a bit below average for the Yardsticks chemical companies, and Giacco expects that to approach 80% in 1984. For Hercules, however, that's much higher-margined capacity than it used to be. "We've gone with our winners, value-added products. We've got rid of a pound of basic plastics and replaced it with a pound of water-soluble polymers. In fibers we've got out of polyester intermediates, but stayed in diaper covers and health care disposables."



Despite cutbacks on capacity, there is increased spending on research and development, partly spurred by advances in genetic engineering, the desire to diversify into neighboring scientific fields and growing competitive pressure. At $6.3 billion (sales) Monsanto Co., which drastically cut back its research efforts a decade ago, a full one-third of the $300 million R&D budget now goes into pure discovery, much of that in the field of genetic engineering. The same focusing of research effort is occurring among European chemical giants.

Union Carbide and Shell Oil's chemical division recently announced the development of a new manufacturing process that could cut production costs for polypropylene by one-third and capital costs by about the same. Carbide estimates the price of its new plant, with up to 200 million pounds of capacity, will be $40 million to $45 million.

Breakthroughs like that can open up new markets. Example: Dow used to sell styrofoam only in major markets—the U.S., Japan and Western Europe—because it didn't think it was economical to produce except in a monster plant. Now it has entered smaller markets because it has found out how to get the same economies from plants only one-fifth to one-third the size.

One approach to new products and processes is to take the acquisition route. Few companies in this industry have done that with greater success than $1.6 billion (sales) Air Products & Chemicals, consistently a profit leader in industrial gases in competition with the Linde division of Carbide and British Oxygen (which bought Airco in 1978).

"Over the last 30 years we've had around 120 'special ventures'—either acquisitions, joint ventures or technologies bought and then developed in-house," says Edward Donley, Air Products & Chemicals chairman. "We've managed to stay a specialty company instead of becoming a conglomerate throughout all this because everything has been so closely related. We're not interested in an acquisition candidate unless we already mastered internally two-thirds of its technical and sales knowhow."

If Air Products' profitability in the latest 12 months looks merely average for the industry, the future looks bright. Holding long-term debt to about 35% of total capital, Donley expects to be able to finance capital spending of an average of $400 million a year for the next five years mostly through internal cash flow, modestly increase dividends at the same time, and still have about $1 billion that isn't earmarked. "That," says he, "is the sound of growth."

"When I hear something like this," says Oreffice, "I can understand why many companies want to go clean out of basic chemicals and plastics. But don t overlook the fact that as long as you stay strong technologically and pump money into manufacturing processes, there is plenty of growth potential still available in these products. And you don't need to build more monster plants to get it."

Dow has certainly proved that it is possible to make good money in commodity chemicals—and that the Air Products road isn't the only road. It's not what you do that counts but how you do it. ■

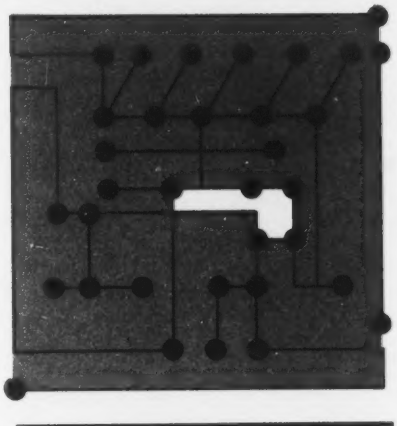
Chemicals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialized												
Freeport-McMoran	1	24.3%	12.4%	0.5	4	16.7%	6.7%	11.8%	3	19.1%	3	21.5%
Nalco Chemical	2	23.5	18.4	0.1	1	22.9	17.8	9.6	11	10.7	8	11.9
Cabot	3	21.3	9.9	0.3	6	14.0	7.5	4.1	1	23.3	1	29.3
Morton Thiokol	4	20.6	16.3	0.2	5	15.6	15.7	5.2	8	12.4	2	26.9
Lubrizol	5	20.6	12.6	0.0	2	19.0	11.8	7.4	9	11.9	13	7.6
National Svc Inds	6	20.1	18.6	0.0	3	17.7	16.8	5.9	12	10.5	5	16.5
Vulcan Materials	7	18.6	10.2	0.2	7	13.6	8.0	5.9	15	9.7	11	10.8
Dexter	8	17.6	16.3	0.3	9	12.7	11.6	5.1	4	17.2	10	10.8
Big Three Industries	9	17.2	8.4	0.3	8	13.2	7.0	7.6	2	19.3	6	14.5
Air Prods & Chems	10	16.8	11.5	0.5	15	10.1	7.6	6.7	7	12.8	7	12.4
Sun Chemical	11	15.8	9.4	0.9	11	10.7	7.1	2.2	6	13.6	4	17.2
Witco Chemical	12	15.6	15.0	0.4	10	10.8	9.9	3.4	5	14.9	12	8.7
Intl Minerals & Chem	13	15.1	8.4	0.4	12	10.5	6.5	5.8	19	6.4	17	1.0
Ethyl	14	14.3	12.5	0.4	14	10.2	8.7	5.9	17	7.5	14	4.4
PPG Industries	15	13.9	12.1	0.3	13	10.4	8.9	5.8	16	8.1	9	10.8
Liquid Air	16	11.7	8.3	0.4	17	9.1	6.1	5.3	10	10.7	18	–0.1
Ferro	17	11.2	8.5	0.4	16	9.9	7.1	2.5	13	10.4	16	1.3
SCM	18	9.2	3.0	0.5	18	7.2	3.4	0.9	20	6.3	15	3.8
Williams Cos	19	9.1	2.4	0.5	19	5.8	2.5	1.6	14	10.1	19	–2.0
Gulf Resources & Chem	20	def	11.8	2.2	20	2.0	7.3	3.0	18	7.4	20	P–D
GAF	21	def	def	0.9	21	def	3.2	0.1	21	–5.0	20	P–D
Medians		15.8	11.5	0.4		10.7	7.5	5.3		10.7		10.8
Industry medians		13.2	9.2	0.4		10.0	7.1	3.9		9.9		4.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D profit to deficit. def: deficit.

In this business, everybody has two competitive worries: the other companies and Japan.



Electronics

By Kathleen K. Wiegner

AFTER TWO YEARS of bad times the recession has ended in the electronics industry. For nearly all companies, however, the 12-month figures in the accompanying Yardsticks still look gloomy. That's because the upturn is recent and the effects of hard times linger in our numbers. The improvement doesn't show in the 1983 Yardsticks, but it will in 1984.

Look, for example, at Intel. Its earnings were a shadow of former highs through the March quarter, but then things suddenly took off. Profits almost doubled in the June period, and then came one of the best-ever Septembers. "This is the strongest recovery I have ever seen," says Chairman Gordon Moore. "There are so many products people want to move into production, but the rate of systems growth will be limited by the availability of components." His company, for example, is having trouble meeting delivery schedules, especially for its popular microprocessors.

Strong demand for semiconductors

Electronics

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
EG&G	1	29.6%	25.3%	0.1	1	26.4%	23.3%	5.2%	8	20.0%	2	25.0%
AMP	2	23.9	20.1	0.1	3	20.9	17.8	10.3	11	16.2	8	17.3
Raytheon	3	23.0	17.4	0.0	2	22.0	17.0	5.2	13	15.1	6	17.8
Hewlett-Packard	4	19.8	18.0	0.0	4	18.9	16.9	9.2	5	24.3	4	22.2
General Instrument	5	19.6	12.1	0.1	6	17.1	11.2	8.0	14	13.6	1	30.1
M/A-Com	6	18.2	9.3	0.4	5	17.4	7.8	4.7	1	46.0	3	24.6
Intel	7	17.8	12.0	0.3	7	16.8	10.0	7.5	2	29.1	11	14.2
Avnet	8	17.7	11.1	0.0	8	16.5	11.0	4.6	17	12.9	13	11.3
Harris Corp	9	17.6	9.0	0.3	12	12.7	6.7	3.9	9	18.3	7	17.6
Perkin-Elmer	10	17.4	9.5	0.1	9	15.2	9.0	4.7	6	20.8	5	18.2
TRW	11	17.4	12.2	0.2	14	11.5	8.6	3.5	21	10.9	17	7.7
Tektronix	12	16.6	7.8	0.2	10	14.4	6.9	4.2	7	20.8	10	14.7
Motorola	13	14.9	11.9	0.2	11	13.5	10.9	5.0	12	15.5	12	12.7
Natl Semiconductor	14	14.5	def	0.4	13	11.5	0.2	def	3	25.8	18	6.4
GTE	15	14.3	15.6	0.9	24	7.5	7.8	7.4	22	9.8	20	5.1
Honeywell	16	14.3	10.6	0.3	15	11.2	8.4	4.0	19	12.4	9	15.5
North Amer Philips	17	13.2	11.2	0.3	19	9.2	7.8	2.5	18	12.5	15	9.3
American District	18	13.0	13.7	0.1	18	9.3	9.4	5.8	16	13.4	16	8.6
American Tel & Tel*	19	12.3	10.2	0.5	25	7.4	6.5	9.7	20	11.7	20	5.1
Corning Glass Works	20	11.5	9.7	0.4	17	9.9	7.3	6.2	24	7.4	19	5.7
Intl Tel & Tel	21	10.9	10.1	0.5	20	8.9	8.5	4.2	25	5.9	22	3.3
Gould	22	10.8	8.2	0.4	21	8.7	7.1	5.3	23	8.0	24	–4.6
Texas Instruments	23	10.1	def	0.2	16	10.5	def	def	10	17.1	23	–2.1
Varian Associates	24	8.6	15.2	0.3	23	7.7	12.9	5.9	15	13.5	14	9.7
Oak Industries	25	3.6	def	0.9	22	8.5	def	def	4	24.4	25	P–D
Industry medians		**14.9**	**11.1**	**0.3**		**11.5**	**8.5**	**5.0**		**15.1**		**11.3**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
*Data are on predivestiture basis. P–D: profit to deficit. def: deficit.

helped Motorola post gains of 92% in the third quarter, while National Semiconductor had its first profitable quarter since 1982. "I've never seen a market as strong as this," says President Charles Sporck, echoing Moore. "I can't explain it exactly. It seems to be more than just a better economy."

At Massachusetts-based EG&G, they know what Sporck is talking about: The company has done better than the economy for years and tops the Forbes Profitability roster for its industry. The firm's mix of manufacturing specialized instruments and components and providing government support contracts (it is prime contractor to the Department of Energy) leaves it uniquely positioned.

EG&G couldn't beat its five-year return on equity average last year, but that was no disgrace: its ROE was 25.3%. Only 3 of the 25 firms on our list managed to top their five-year profitability figures. The growing demand for alarm systems helped American District Telegraph, though higher installation costs and heavy capital spending should hurt profits next year. GTE benefited from growing sales of its telecommunications products and a $60 million tax settlement. Varian Associates, meanwhile, is recovering impressively from a 1981 deficit.

W.J. (Jerry) Sanders, the outspoken president of Advanced Micro Devices, thinks the recovery is being led by the information revolution. "During the recession," he explains, "people were designing products in anticipation of a recovery." Fortunately, nearly all those new product designs, from small computers to telephone gear, mean more orders for component manufacturers.

Consider AMP, the leading producer of power connectors and the industry's second-best company in terms of long-term profitability. Its products are used in a wide range of markets, from military and aerospace to communications. But each IBM PC also contains around $40 worth of AMP parts. That translated into around $40 million in sales for the $1.2 billion company in 1983. When the PCjr begins shipping this year, it could add another $15 million to AMP's sales.

The good times, of course, haven't hit everyone—and cable television is a common link among many firms that are still suffering. The fall in demand for cable-related equipment, for example, has hurt General Instrument badly. M/A-Com is also suffering because margins on its coaxial cable business are shrinking. Cable operators are shifting away from trunk capacity to less expensive drop lines. Then there is Oak Industries. Its cable equipment business is off, and the company has set up loss reserves of over $70 million related to its departure from subscription television in Phoenix and Dallas as well as inventory writedowns.

Tektronics is hurting badly, but for different reasons. It is the leading manufacturer of oscilloscopes, and sales have been flat for the past two years. Profits fell from over $80 million in 1981 to less than $50 million in the fiscal year ending in May. Now the company has cut its work force by 9% and hopes that expanded R&D spending will add excitement to its product line.

A few microchip producers are having problems, too. At Gould, profits from continuing operations fell 6% in the third quarter as a result of lower semiconductor margins and product delays of new lines of test and measurement equipment. At Honeywell, semiconductor losses are also depressing margins.

Intel's wafer fabrication line
Making chips gets more costly.

But for most component makers, by contrast, the upturn came so quickly that they are straining to keep up. The recession was a curious one: Unit shipments rose while prices fell through the floor—off by 70% on some parts. Now prices are firming, but new orders are hard to fill. "We can barely satisfy our existing customers, let alone prospective ones," says AMD's Sanders.

The book-to-bill ratio is the industry's favorite index of health. When this number exceeds one, it means new orders are outpacing billings. A figure of 1.5 is considered ideal. In October this index stood at 1.56, which means that lots of parts are in short supply—everything from Intel's and Motorola's microprocessors to ordinary logic circuits from Texas Instruments.

In 1984 U.S. and European chipmakers expect to enjoy 24% sales dollar growth rates unless the recovery stalls. But this recovery won't be just like the last one. There have been structural changes in the electronics business that do not signal a simple replay of the boom that followed the bust of the mid-Seventies.

Take markets. In the past, mainframe and minicomputer companies were key factors in any industry turnaround. Now the principal buyers are manufacturers of personal computers, communications equipment and word processors. The auto industry is also a major customer. Ford, for example, estimates that it now uses over $300 worth of electronic gear in every car, not including the radio, vs. $25 in 1970. Fortunately, this broadens the industry's base, both in terms of companies and markets.

Despite the change, not every part is in short supply. Garden variety read-only memories (ROMs), for example, are readily available. They are a key component of video games, a business that has gone bust in recent months. Texas Instruments' exit from the home-computer business also contributed to the glut of ROMs. It is throwing units on the market that were originally intended for its PCs.

Even as the recession hit bottom in the summer of 1982, several dozen new semiconductor companies were springing up, backed by hefty amounts of venture capital, to exploit one or two devices or a particular process technology. A handful, among them LSI Logic, VLSI Technology and SEEQ Technology, have already gone public. While still too small to show up on the Forbes Yardsticks, they point the way to technologies that will be important over the next several years.

Two-year-old Linear Technology, for example, was formed by a group of engineers who left National Semiconductor. It makes analog circuits, which translate analog information (like sound or heat) into on-off digital impulses. Analog circuits are expected to enjoy a 30% growth over 1984. It is no surprise that National Semiconductor is still a big player in that business.

LSI Logic, on the other hand, makes gate arrays. These permit customers to customize standard chip designs. Much of the startup activity stems from this custom or semicustom business. Monolithic Memories has been making a programmable array logic (PAL) chip for some time. But now it has competition from Advanced Micro Devices and National. SEEQ was one of the first with a memory chip called an EEPROM,

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which can be reprogrammed while still in the computer. Many companies, including Japanese firms, see this as a particularly promising product.

When the last recession ended, the Japanese were not significant participants in the U.S. microchip market. That changed, however, when domestic companies ran short of capacity. The Japanese graciously helped fill the gap with 16,000-bit and then the 64,000-bit random access memories. Having destroyed profits and market share for U.S. companies, the Japanese will be back with the new 256,000-bit RAM.

For the moment, the Japanese chipmakers are having troubles supplying

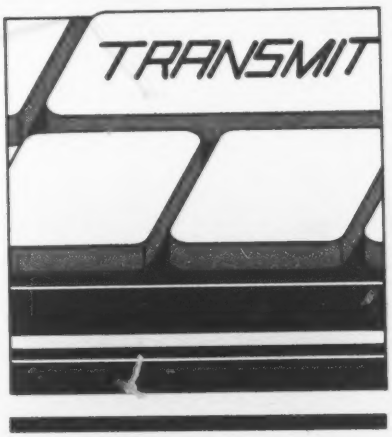
There have been structural changes in the electronics business that do not signal a simple replay of the boom that followed the bust of the mid-Seventies.

demand at home. That may end this year as the new capacity they continued to build during the recession comes on. Then the battle with U.S. firms will be joined again. Quality, once a selling point for the Japanese, is no longer the big issue. U.S. makers have got their own quality up. But price is another matter. As soon as the Japanese have the parts to sell, they could once again penalize profit margins of U.S. competitors by undercutting them.

Will components makers enjoy the same successes they did after the last recession? At Intel, for example, ROE rose in 1979, to 30% on no debt. Net profit margins were 11.7%.

No one knows if such profitability is attainable again. Aside from the Japanese challenge, the cost of making chips has risen enormously. National Semiconductor's new Texas wafer fabrication facility represents a $100 million investment. After a history of no debt, Intel now has long-term debt of $97.4 million, 6% of total capital. If companies do not earn money to finance these higher operating costs, look for more help from outsiders. Over the past two years, for example, IBM purchased a 12% interest in Intel for some $250 million. Such cross-fertilization of money and talent are old hat in Japan. As the U.S. strives to keep ahead of the ambitious Nipponese, we can expect more such here. ■

IBM is crowding everyone these days, but the game isn't over yet. Not by a long shot.



Computers

By Kathleen K. Wiegner

IBM WAS ON THE MOVE with a vengeance in 1983 in a push to blanket every corner of the computer industry. In November it finally unshelled its "Peanut," renamed PCjr, but decided not to begin shipping until after Christmas—an invitation to the public to put off buying the personal computer until they could see an IBM machine. That was a body blow to competitors in the home computer market, who get as much as 40% of their sales at Christmas. At the same time IBM strengthened its hand in midrange systems with the 4361, which competes with superminicomputers for scientific applications. While in office computers it served notice on Wang, Apple and the terminal makers by giving its hot-selling PC the capability of communicating with IBM 370 mainframes.

Among the top companies on the computer Yardsticks, only IBM managed to improve its five-year return on equity. For many others in the industry things weren't so pleasant. Texas Instruments lost $513 million in home computers before calling it quits. Warner Communications' troubled Atari division was beginning to look like the next victim in that market. Digital Equipment Corp. was hit with an earnings decline of 72% in its first quarter (ended Oct. 1), as price-cutting savaged the minicomputer business and lack of software held back sales of its personal computers. DEC also had heavy research spending. Osborne Computer filed for Chapter 11, and a number of startups went on the critical list—among them, Fortune Systems, Vector Graphic and Victor Technologies.

There were some bright spots, however. TI's defeat was good news for Commodore, now about the only profitable company left in the low-end, mass-merchandise home computer market. Data General, after almost three years of declines and a crash research effort, saw its earnings move up on the strength of its competitively priced Eclipse superminis. Tandy's Radio Shack computer operation strengthened its hand with what may have been the niftiest product of the year—the portable Model 100 (made for Tandy by Japan's Kyocera Corp.), which was becoming as much a part of a traveling journalist's gear as the trenchcoat.

IBM PCs roll off the assembly line ***Volume means lower cost.***

How to survive in an environment where IBM obviously wants to commandeer once-safe markets? That was Topic A for everyone except for IBM. In personal computers Apple charged ahead preparing for the introduction of its much-touted Macintosh computer this month and pushed its mainstay Apple IIe at customers who wanted something under the tree besides a gift certificate.

For the microcomputer makers the problem is software. Since the IBM PC already has an estimated 26% of the personal computer market, it has become the machine of choice for independent software writers who make money only by writing for popular machines. Apple once had that loyalty, and being able to offer the machine with the most programs contributed mightily to its past success. Now the software world belongs more and more to IBM.

One solution is a computer that can use a lot of the same software as the IBM machine. A number of startups took that route: Compaq, Columbia Data Products, Eagle Computer—or the "IBM Clones," as they are called. Using the same Intel 8088 microprocessor and MS/DOS operating system as IBM, these machines run most of the IBM software, as is.

Cloning looked like a good idea to ITT, which, in a better-late-than-never move, entered the personal computer fray in November. Its entry, the Xtra, is a virtual knockoff of the IBM PCXT (the super PC). ITT may find a market in Europe, where it has a strong presence. But in the U.S. the clones undersell IBM by up to 25%. ITT's Xtra is only 5% cheaper. That may not be enough of a discount to buy ITT a slice of the U.S. market.

Right now there is more demand than supply for the IBM computer. That excess demand is being filled by Compaqs and Eagles. But what happens when supply catches up? "The problem is not easy to solve," muses George Morrow, founder and president of Morrow Inc. "You have to have 25% to 50% better performance than the IBM PC, at least a 15% to 50% better price. Any closer, and why buy anything but IBM?"

"How do you make a profit if IBM gets the biggest share and the lowest cost?" asks Data General Senior Vice President Robert C. Miller, who worked at IBM for 15 years. "Say it takes a half-hour assembly labor for a personal computer. The rest of the cost is buying components and subassemblies. Then it becomes a question of who can buy parts the cheapest." The big-volume buyer, of course. The

big-volume buyer really has it made when he cannot only buy cheaper, but can sell dearer as well. That's where IBM is sitting.

Being what it is, IBM also gets the goods when components are in short supply. Ask Victor Technologies. Victor was riding high until 1983. Shipments were expected to hit 80,000 by year-end. Then Victor couldn't get all the disk drives it needed from Tandon Corp. (which also happens to be a big drive supplier to IBM). Shipments were delayed. Setting up a sales force to compete with IBM also cost the company dearly. Result? Victor lost $11.1 million in its second quarter, ended June 30.

Instead of simply cloning IBM, Data General has taken a middle-of-the-road approach to dealing with the software problem. It provides its machines with a dual processor, which allows its users to run software written for Data General's machines and for IBM as well.

Users of Hewlett-Packard's HP 150 cannot run IBM software on their machines but are likely to get most of the same programs anyway. That's because the HP 150, introduced last October, uses the same operating system as the IBM PC. In practical terms that means it will be easy for software writers to produce for both machines at the same time—but will still give HP the possibility of having exclusive software and other exclusive features. "To be a clone limits you in making your own contribution," explains Cyril Yansouni, head of HP's personal computer group. "Price and availability are short-term advantages. I don't want to wake up every morning and worry about what IBM is doing."

Working within what the industry calls "the IBM environment" has become as much of a concern for microcomputer makers as it has always been for the minicomputer and mainframe companies. Companies like HP, DEC and Data General must protect their installed base from incursions by the IBM PC. Office products outfits like Wang must be sure that as offices begin to link their desktop products together, and each into their mainframes, IBM is accommodated. In October Wang began offering software that for the first time links Wang products to IBM machines.

The sheer momentum and size of IBM poses an additional problem for its traditional mainframe competition: Burroughs, Sperry, Honeywell. IBM's growth rate has returned to 15%—the industry rate—after almost a decade of lagging. IBM sales in 1983 were an estimated $40 billion, an increase of more than $5 billion for the second year in a row. That $5 billion almost equals the total size of a Sperry or a Honeywell. With that kind of volume disadvantage, how can they hope to compete when IBM has been pouring money into new plant and equipment (its highly automated factories for the PC are only one example) with the expressed aim of becoming the low-cost producer?

So competitors have begun to join forces to counter the IBM threat. Burroughs, for example, buys part of its office computer line from Convergent Technologies, a young company with a more efficient manufacturing base. DEC, Sperry and CII-Honeywell Bull are helping fund Gene Amdahl's Trilogy Inc., which will try to head off IBM's top-of-the-line mainframe code-named Sierra. Plug-compatible makers like Amdahl Corp. and National Semiconductor's National Advanced Systems (NAS) are relying more heavily on their Japanese partners (Amdahl with Fujitsu and NAS with Hitachi) to deliver timely, cost-effective answers to IBM. But IBM is making it tough. It recently sued NAS, Hitachi and several former employees of both IBM and NAS for $7.5 billion, charging its secrets had been stolen by Hitachi and NAS.

As for Apple, still first on the Forbes Profitability Yardsticks, much depends on the soon-to-be-introduced Macintosh. Mac, as it is fondly known around the company, will incorporate the advanced software found in Apple's high-end Lisa computer, but at a far lower price of around $2,000. Steven Jobs, Apple's cofounder and chairman, admits Apple made some mistakes with Lisa, which originally re-

Computers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Apple Computer	1	100.5%	28.4%	0.0	1	110.4%	28.2%	7.8%	1	122.3%‡‡	1	98.3%‡‡
Wang Laboratories	2	31.3	20.8	0.4	3	20.5	15.3	10.1	2	51.4	2	50.3
IBM	3	23.2	25.6	0.1	2	21.2	22.6	13.4	10	12.8	10	10.0
Storage Technology	4	20.8	0.6	0.6	6	15.3	2.8	0.3	3	39.6	4	22.8
Hewlett-Packard	5	19.8	18.0	0.0	4	18.9	16.9	9.2	7	24.3	5	22.2
Digital Equipment	6	15.7	7.1	0.0	7	14.2	7.0	5.5	5	30.2	6	21.2
Datapoint	7	15.5	4.0	0.4	5	17.1	4.3	2.4	4	36.8	7	17.6
NCR	8	14.6	13.5	0.2	8	12.9	12.3	7.3	14	7.9	9	10.4
Honeywell	9	14.3	10.6	0.3	10	11.2	8.4	4.0	12	12.4	8	15.5
Data General	10	13.5	4.9	0.3	9	12.0	5.2	2.8	6	29.1	11	8.8
Control Data	11	10.5	8.8	2.0	14	6.9	6.3	3.5	9	13.4	3	23.7
Sperry	12	10.3	6.1	0.3	11	8.4	5.4	2.9	13	8.4	12	2.0
Burroughs	13	8.0	9.0	0.4	13	7.3	7.2	4.5	11	12.4	13	–4.0
Amdahl	14	7.1	8.4	0.2	12	7.3	7.9	4.1	8	22.0‡	14	–14.1‡
Industry medians		15.1	8.9	0.3		13.6	7.6	4.3		23.2		16.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. ‡‡Three-year growth.

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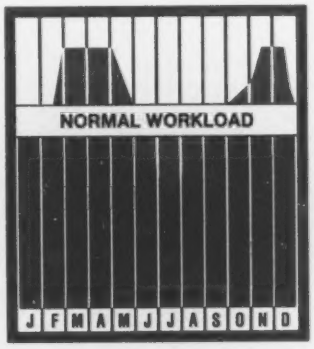

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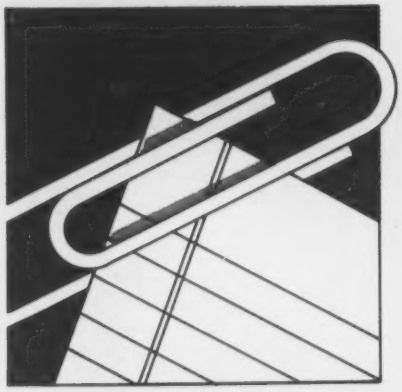
tailed for close to $10,000 when it was introduced. "We made Lisa too expensive for the personal computer market," admits Jobs. "And we were late with the software. Sales have not met our hopes." With Macintosh, Apple is trying for a technological end run. John Sculley, who was brought in from PepsiCo as Apple's chief executive, sees it this way: "If the technology is frozen, then IBM has the office market. But it is naive to presume technology is frozen. We believe we have the possibility with Macintosh of establishing a new milestone."

But times are getting tougher for the industry in other ways as well. Venture capitalists no longer flock to pour money into a new personal computer company. The stock market is betting once again on more established companies. In spite of the boom in sales, microcomputers lost an estimated $600 million early in 1983, largely in the home products. With Commodore the only other viable contender in the under-$1,000 market besides IBM, Japanese companies like Canon, Sharp and Sony will probably try again in 1984 to crack the low end of the American market.

But the combination of Commodore and IBM could be tough to buck even for the Japanese if PCjr is a success. Commodore's sales of home computers hit an estimated 1 million units in 1983. For its fiscal year ended in June, Commodore earned $88 million on sales of $681 million, while at the same time driving TI out of the business, the same TI that had the reputation of being the most "Japanese" of U.S. companies.

The all-important office can, of course, accommodate more than one vendor, so IBM's growing strength doesn't necessarily doom its competitors. But it makes life more difficult for them. It will be important for companies to offer some way for different machines to work together. Users will continue to want access to popular software, so there will be stronger alliances between hardware and software companies. Marketing will become increasingly important. All this plays into the hands of companies with strong capitalization, broad product offerings and large sales organizations. Among IBM's stronger competitors, Apple is strong on innovation, Commodore on price and Tandy on distribution. The others? At this point in the game there is at least as much danger to investors of being stuck with a loser as a winner. ■

Which of the old-line companies in office equipment and services did best last year? Not necessarily the ones you might expect.



Office equipment and services

By John A. Byrne

THE DEATH OF THE typewriter, it turns out, has been greatly exaggerated. Last year the office equipment industry sold an estimated $767 million worth of electronic typewriters. "And there's going to be a huge market in the future for them," says Jack Hiatt, director of business planning for AES Data Corp., whose Canadian parent boasts the third-largest installed base of word processors in the U.S. "In some cases it can do everything an office needs."

To be sure, the typewriter is changing. This year, sales of electronic typewriters are expected to surpass ordinary electric models like the Selectric for the first time, whereas only two years ago electrics were able to outsell electronic models 4-to-1. It's easy to see why. An Olympia electronic typewriter has some 3,000 fewer moving parts than an electric version. But the typewriter is still there.

What's the lesson? Simply that "the whole world doesn't change overnight," says Dean Scheff, chief executive of Minnesota-based CPT Corp., one of the leading makers of word processing equipment. "Change comes relatively slowly." Despite all the hoopla over the office of the future, many office managers aren't yet ready to pull thousands of dollars' worth of coaxial cable through their walls to set up state-of-the-art computerized systems.

There's more than a little irony in this for many of the old-line, traditional office equipment companies, manufacturers of such products as copiers and mailroom and dictation equipment. Many rushed to move into the "glamour" areas of word processing and office automation, fearful they would become dinosaurs. Predictably, most of their ventures have failed.

AM International, of course, is the classic case. It embraced electronic communications systems and word processors, only to roll up huge losses that led to its filing for Chapter 11 in 1982. But even much sounder companies have had their troubles. The only noncopier product in Xerox' lineup for automated office systems—started back in 1979—that can be called an unqualified success is its electronic typewriters. And A.B. Dick Co.'s office products division has made so little impact on the market that analysts think its parent, Britain's General Electric Co., should drop the ax. Pitney Bowes bowed out of the same business in October, taking a $22.5 million aftertax writeoff, after its word processing business lost $10.6 million on $34 million in sales in 1982.

Typewriters for sale
The whole world doesn't change overnight.

But is Pitney Bowes in danger because it failed in word processing and its stronghold in the mailroom equipment market is threatened by electronic mail and data transmission? Not necessarily. "We see mail growing as rapidly as any other part of our business," maintains Tom McGarry, a PB vice president. The company still maintains a dominant position in a $1.5 billion market for mail equipment with annual growth rates of 15%. "I remember that we were criticized a few years ago at an analysts' meeting for not getting into the hand calculator business," says McGarry. "I really don't know what we lost for not being there."

Indeed, all the while it was taking its flyer in the glamorous stuff, the company never lost faith in its basic businesses. Rather, it leveraged its strength in them to spur

continual growth. The financial services business it launched in 1977, mainly to support its traditional office equipment products, now accounts for almost a quarter of PB's earnings. It's no coincidence that the most profitable company on Forbes' office equipment rankings (Pitney Bowes is second) is Comdisco, Inc., an Illinois-based firm that arranges the leasing and finances the purchase of IBM computers. (The tables don't show companies like Apple, Wang, IBM and Digital Equipment, even though they may be the dominating companies in this industry today. See computer industry survey and rankings, beginning on p. 180.)

While Pitney Bowes is finding that the basics are serving it well, so is Canada-based $1.9 billion (sales) Moore Corp., the largest business forms producer in the world. You would think the future of any company producing paper and business forms might be less than rosy given the advent of the computer and the so-called paperless society. Judson W. Sinclair, Moore's chief executive, has discovered the opposite. He has happily found that the growth of small and large computers is increasing the dollar volume of orders for Moore's forms three times as fast as they are being eroded by competing new technologies. Why? "The automation of data doesn't do away with hard copy," says Sinclair. "Much of the data from computers was never available before. If the computers eliminate paper in one place, they seem to create more of it in another."

Meanwhile—just as with Pitney Bowes and A.B. Dick—success still eludes Moore Business Systems division, the company's most visible effort to move into the office of the future by selling information systems to small business. For five consecutive years since its start in 1978, the operation has been in the red.

And now, surprisingly, the word processor itself—the very invention that was to make paper and typewriters artifacts of the past—is threatened by personal computers. If you can buy a computer and do word processing on it, among numerous other functions, why bother with a word processor? John A. Murphy, vice president of Advanced Office Concepts, a consulting firm for office automation, notes that you can now buy an IBM PC and add a separate keyboard and quality word processing software package for at least $1,000 less than a basic word processing system.

This fact of life is forcing the word processing companies to build computer functions into their systems, so the distinction between the word processor and personal computer is increasingly blurred. Consider Lanier Business Products, a traditional office products company that, unlike most others, successfully diversified into word processing systems. Now, as a new subsidiary of Harris Corp., it finds it must make another crucial transition: into high-end office automation systems from the stand-alone word processing business.

Moral: Even a traditional office products company that has proved it can make the transition to high-tech products still isn't out of the woods. Sometimes it makes more sense to stick with what you know best and take your time about upgrading technology to meet the demands of the future. It doesn't get here overnight. ■

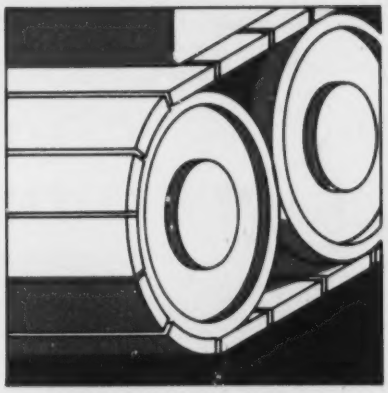
Office equipment and services

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Office equipment												
Comdisco	1	40.8%	46.0%	0.7	1	23.0%	30.8%	9.5%	1	33.5%	1	49.9%
Pitney Bowes	2	17.8	14.3	0.2	4	12.8	9.8	5.1	3	19.4	2	12.2
Moore Corp	3	16.8	13.5	0.1	2	14.1	11.9	5.5	6	9.6	3	7.0
Xerox	4	15.3	10.0	0.2	3	13.6	10.1	5.3	4	12.1	4	6.2
Bell & Howell	5	5.1	19.2	0.4	6	4.7	14.5	5.1	7	6.0	5	1.2
Savin	6	3.5	def	2.1	5	11.3	def	def	2	30.1	6	–20.0
Nashua	7	1.0	def	0.7	7	3.0	def	def	5	10.3	7	–35.0
AM International	8	def	NE	NE	8	def	12.7	0.5	8	3.3	8	P–D
Medians		10.2	11.8	0.3		12.1	11.0	5.1		11.2		3.7
Office services												
Allegheny Beverage	1	29.0%	35.3%	3.8	6	14.0%	10.2%	2.1%	1	27.5%	1	23.9%
Electronic Data Systems	2	26.4	27.4	0.1	2	23.0	22.7	9.4	2	25.1	4	17.5
Kelly Services	3	24.5	18.3	0.0	1	24.6	18.2	3.2	5	19.9	2	18.5
Computer Sciences	4	23.4	11.0	0.4	5	14.7	9.1	2.2	4	19.9	5	14.8
Purolator	5	20.5	21.9	0.5	4	15.1	15.6	3.9	7	14.4	6	14.0
Auto Data Processing	6	20.3	16.8	0.1	3	16.7	14.0	8.5	3	23.2	3	18.2
Parker Pen	7	11.3	def	0.2	7	11.3	def	def	6	16.5	7	–1.5
Medians		23.4	18.3	0.2		15.1	14.0	3.2		19.9		17.5
Industry medians		17.8	14.3	0.2		14.0	11.9	3.9		19.4		12.2
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit. NE: negative equity.

The recession was almost the least of the problems in this troubled group of industries.



Construction, mining, rail equipment

By Barbara Rudolph

AFTER CLOSE TO 100 YEARS in the business, Harnischfeger decided several months ago to stop manufacturing cranes in the U.S. "We were banging our heads against the wall," says Harnischfeger President W.W. Goessel. Beginning in late 1985 Harnischfeger will be buying virtually all of its cranes from Japan's Kobe Steel, which currently owns 10% of Harnischfeger's stock.

Why did Harnischfeger, this proud old middle-western company, throw in the towel? What choice did it have? Only about $130 million worth of cranes were sold in the U.S. in 1983, as against about $700 million in 1981. Even when a pickup comes, a good guess is that by 1986 the total U.S. crane market will level off at only around $400 million. But that's not the worst of it: Into these shrinking markets the Japanese may be about to launch an invasion with their vaunted manufacturing efficiency and quality standards.

At the moment, there are virtually no Japanese cranes for sale in the U.S. market, but the prospect of the Japanese invasion probably helped persuade Harnischfeger to get out. The first onslaught is expected in the lower end of the market, telescoping or hydraulic cranes that lift less than 100 tons and account for about half the total market. "Sumitomo and Hitachi are coming, and when they do it will be a classic confrontation," says Robert Nassau, president of American Hoist & Derrick, which gets some 35% of its sales from cranes. With Harnischfeger no longer manufacturing in the U.S., Manitowoc, American Hoist, FMC and Grove are the only major U.S. manufacturers left. To prepare for the expected invasion, Ameri-

Construction, mining, rail equipment

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy equipment												
Joy Manufacturing	1	13.3%	0.6%	0.1	1	11.5%	1.0%	0.5%	1	8.7%	1	6.2%
Hyster	2	11.1	0.1	0.2	2	9.6	0.5	0.0	6	5.0	2	2.2
Caterpillar Tractor	3	6.5	def	0.7	3	6.6	def	def	2	6.1	4	–14.3
Bucyrus-Erie	4	5.9	def	0.4	4	5.8	def	def	3	5.6	3	–13.6
Clark Equipment	5	2.4	3.1	0.3	6	2.6	3.8	1.6	8	–1.2	5	–31.1
Amer Hoist & Derrick	6	1.6	def	0.6	5	2.7	def	def	5	5.2	6	–36.0
Harnischfeger	7	def	def	0.9	8	def	def	def	4	5.3	7	P–D
Pettibone	8	def	def	2.5	7	def	def	def	7	4.3	7	P–D
Medians		4.2	def	0.5		4.3	def	def		5.3		–22.7
Rail equipment												
Amsted Industries	1	13.1%	def	0.0	1	12.7%	def	def	4	6.5%	2	3.0%
GATX	2	10.4	4.3%	1.5	4	5.3	3.9%	2.5%	3	6.9	1	6.7
ACF Industries	3	9.8	0.2	0.7	3	6.2	2.4	def	5	5.8	3	–0.2
Ampco-Pittsburgh	4	7.9	def	1.2	2	9.8	1.7	def	2	22.8	4	–0.6
Tiger International	5	def	def	4.8	5	1.5	def	def	1	23.8	5	P–D
Medians		9.8	def	1.2		6.2	1.7	def		6.9		–0.2
Industry medians		6.5	def	0.7		5.8	def	def		5.8		–13.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

can Hoist says it will be bolstering its entire crane line. It recently developed a model that can lift up to 1,000 tons (the prior limit was 450 tons) for use in offshore drilling.

More important, American Hoist, like everyone else, has been aggressively cutting costs. Over the past year and a half, the company's employment fell from 7,200 to 3,700. Plant capacity is down by a third. Will that be enough? Never more than average in profitability, American Hoist plainly should be worried about its future.

In these heavy equipment markets, the derrickmakers are not alone in adversity. "We have to acknowledge that the good times of the late 1970s were the freaks. Normal times will probably be harsh times," says Joy Manufacturing President A.W. Calder *(see box, p. 192).*

Manufacturers of heavy equipment are getting used to adversity. "The good times of the late 1970s were the freaks. Normal times will be harsh times," says Joy Manufacturing President A.W. Calder.

Is it little wonder that well-managed Caterpillar took a long, messy strike to try holding down manufacturing costs? Cat has also put pressure on its suppliers to lower their prices. One longtime supplier, Wyman Gordon, already has lost "quite a lot of business," says a company spokesman. Most of it went to German and Japanese companies, including Sumitomo and Gerlach, though Wyman has had it for years.

Caterpillar remains the leader in earth-moving equipment—with a 35% share of the $17 billion worldwide market. But a series of setbacks, some more avoidable than others, has left the company weaker than it has been in many years. First there was the ill-timed and ill-advised acquisition of the solar turbine division of International Harvester in 1982. This cost the company $500 million and helped weaken its once strong balance sheet to the point where by 1983 debt was nearly 40% of capital. Then, in 1982, the trade sanctions Washington imposed against the Soviet Union in the wake of the Polish crisis meant that the company lost out on selling at least $500 million worth of equipment for the Soviet pipeline, analysts estimate. Finally, the recession was

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longer and deeper than the company had anticipated it would be.

But Cat's biggest threat comes from a company whose name does not appear among FORBES' list of competitors. That company is Komatsu, another Japanese manufacturer. Its share of the $6 billion U.S. earth-moving machinery market has jumped from 2% to about 5% over the past five years, as the company has broadened its line of earth-moving equipment. Komatsu's prices worldwide can be as much as 25% below Caterpillar's, thanks to the strength of the dollar, which can buy even more yen-denominated goods than it could last year.

Caterpillar is certainly a survivor: Chances are both Cat and Komatsu will gain market share at the expense of companies with less clout in the market like American Standard's Wabco or Dresser's International-Howe. One recent casualty: The Terex subsidiary of IBH Holdings filed for Chapter 11 in November.

Even without pressure from the Japanese, a similar shakeout is taking place in the railcar industry, the most depressed of all heavy machinery groups. Not since the Thirties has demand been so weak. Deliveries of railcars in 1983 might hit 5,700, down from the peak of 90,000 in 1979. With economic recovery, they might hit 10,000 in 1984, not much of an improvement in an industry operating at only 10% of capacity. Not until the late 1980s does the industry have a chance of seeing demand reach 50,000 railcars a year.

"A shakeout is coming, but everyone is saying, 'Please, God, not me,'" GATX executive James Goff told FORBES in 1982. This past year it turned out to include him, as GATX announced in October that it was closing, among other things, its railcar manufacturing group.

Elsewhere in the railcar equipment industry there have been several plant closings as well. Midland-Ross, for example, closed its Sharon, Pa. plant, eliminating one-third of the company's capacity to make railcar castings. Richmond Tank Car this past year filed for protection under Chapter 11 for its railcar leasing division. And there are undoubtedly many plants that are now "temporarily" shuttered which will never reopen.

Nor is all this just the shuttering of obsolescent capacity. There was widespread expansion in the late 1970s—partly because boxcars were popular tax shelters—so a lot of factories are new and have not been fully depreciated yet.

With so bleak a prognosis for the railcar group, why then is profitable little Trinity Industries (ranked in the specialty section of the industrial equipment industry on page 194) actually expanding its presence in the business? Why in October did the company agree to pay $15 million to buy the Pullman railcar plants, with a capacity of some 20,000 cars a year, and Pullman's proprietary railcar designs as well?

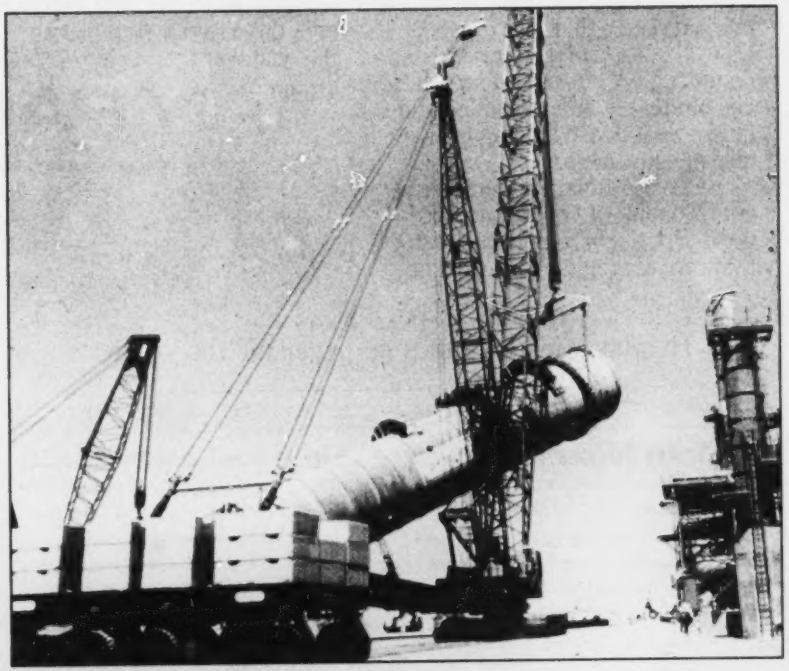
The answer is quite simple: labor costs. Trinity is no sweatshop operator, but with its nonunion plants Trinity is not handcuffed by restrictive union rules. Cast in that light, the industry's efforts to reduce its labor costs look less like union-busting and more like a desperate effort to preserve jobs. ■

Riding out the storm

Will those order books for capital goods products ever fatten again? "Well," sighs Joy Manufacturing's chief executive A.W. (Bill) Calder, "it looks as though bookings have hit bottom. There is a twitter of a pickup here and there, but I sure am reluctant to call it a sustained recovery. Still, at least orders aren't dropping."

It's that kind of healthy skepticism—realism nearly always triumphing over optimism—that makes Joy, a manufacturer of mining and oil services equipment, one of the industry's leaders in profitability in the Forbes Yardsticks.

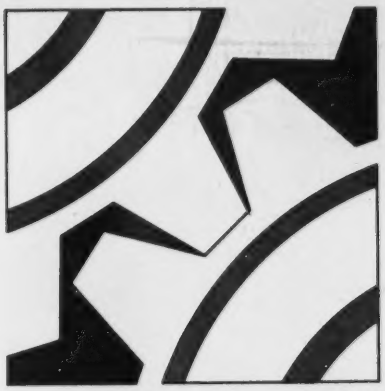
Joy's trademark has been its clean balance sheet. Today the company is sitting on about $200 million in cash and is shopping around for an acquisition. An acquisition, mind you, not a diversification. Says Calder: "We don't want to be yet another company that has gone into a new business only to have it turn into a disaster." So he's looking at acquisitions in compressors, mining, oil or air pollution control groups, his core businesses. He's also pruning. In the past year Calder has dumped his rotary drill division and certain compressor lines. As for that cash hoard, he's going to spend it carefully. He says, "We can take care of that $200 million real quick, but badly, and then it will be the next generations at Joy who will have to slave to get it back."—B.R.



American Hoist crane lifts 1,000 tons
Dead ahead, a "classic confrontation."

The U.S. machine tool industry is finally seeing daylight. Will 1984 be the turnaround year?

Industrial equipment and services



By Jill Bettner

THE DEMAND OUGHT TO BE there. U.S. plant and equipment is among the oldest, on average, in the industrialized world, and has been for decades. For producers of industrial equipment, still languishing in the worst depression the industry has seen since the Thirties, the questions are when that demand will finally materialize and who will supply it. Last year all but four of the companies listed here had lower profitability than their historical averages, and median profitability declined by 53%.

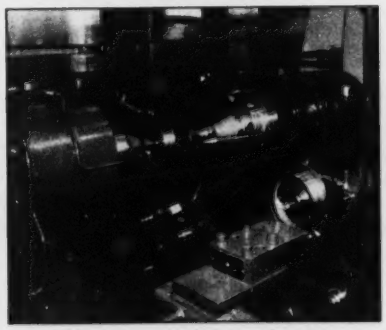
As 1983 drew to a close, machine tool orders were up significantly. But the increases were on such a small base of continuing business, and there had been so many false starts, that industry leaders were still wary. "We see enough light in the general industrial area to be optimistic," says Ingersoll-Rand CEO Thomas Holmes. "When you have been optimistic too long on one side, the tendency is to be pessimistic too long on the other side."

Certainly no one was predicting a rebound any time soon in farm equipment, heavy machinery for the depressed steel and oil services industries and mining. But they were heartened by the pickup in orders for transfer lines, numerically controlled milling machines and machining centers from auto producers and other consumer-related manufacturers.

Says automotive supplier Eagle-Picher CEO Thomas Petry: "Nineteen eighty-four will be a very strong year for us." Orders for numerically controlled machine tool components such as bearings and castings are up sharply, though Petry's backlog of heavy machinery, including orders for earth-movers and oil drilling equipment, is about the same as a year ago.

Now, nobody is forecasting a return to anything near the machine tool industry's record $5 billion order backlog before the bottom fell out of capital spending in 1981. After all, machine tool orders for all of 1983 were only $2 billion. But that was a 33% improvement over last year. "There are signs that demand for machine tools is getting healthier. The question is, where are they going to come from?" asks Jim Gray, president of the National Machine Tool Builders' Association.

Japan is the fear, of course. It continued to build up stockpiles of unsold tools, primarily numerically controlled machining centers and lathes, in U.S. warehouses, even as demand steadily declined. Domestic producers say those inventories still haven't been worked off, even at steep discounts. "They reduced prices to move product, but not very successfully," says Cross & Trecker CEO Richard Lindgren. Jim Geier, chief executive of Cincinnati Milacron, believes a large number of Japanese machines sold in the past two years have been returned unpaid for.



Orders for new machine tools are up ***Will Detroit lead a real recovery?***

Domestic producers say they are as hungry as the Japanese, however, and just as efficient. Not surprisingly, perhaps, those companies at the bottom of the Forbes Industry Yardsticks have been cutting costs most decisively. Typical is Rexnord, which cut its dividend 63% last year and which has cut costs by closing plants and selling off sidelines. "We've got our break-even point down to about two-thirds of what it used to be," says Robert Krikorian. He expects a 1984 increase of between 7% and 8% in shipments of Rexnord's power transmissions, specialty gears and fasteners. But things don't look as encouraging for its other two major businesses: process machinery for mining and materials handling equipment. "They will be pretty flat," he says.

Acme-Cleveland, which reported a $32 million loss for 1983, closed six plants and discontinued two small businesses in an effort to drive its break-even point down still further. One bright spot is that Acme-Cleveland's important automaker customers have placed some orders for manufacturing systems. "They're beginning to open up their purses," says Roy Kuhn, president of the newly formed Acme Technology Group.

Cross & Trecker's Lindgren thinks the worst is over for machine tools. "The industry has started to make its turn," he says. "The recovery is being driven partly by defense and aerospace as well as automotive. But the good news will have to get consistently better," Lindgren goes on. "Our order rate is up about 33%, but it's still running at about 50% of the prior peak." Nothing like Detroit's crash downsizing capital-spending program that put Cross & Trecker on top of the industry's Profitability Yardsticks is on the horizon. Currently, Lindgren is hoping that sales of sophisticated flexible manufacturing systems with multiple machining capabilities will get a boost from companies that re-

cently migrated to the Sunbelt to save on labor costs. "They can't get that 50% reduction in wage costs with trained machinists in those plants," he says.

Among industrial service concerns, where there has been far less downward pressure on earnings in the latest 12-month numbers, still-sagging prices for steel and other commodities like copper remain a problem. For Anixter Bros., whose major market is the telecommunications industry, "1983 was a trying year," says CEO Alan Anixter, who reported a 36% decline in earnings for 1983, to $10.3 million. "But orders are growing toward respectable levels," Anixter says. The breakup of AT&T should mean more business for Anixter, which has built three new warehouses for telephone-related equipment in the past year because of the divestiture. "We've spent a fortune preparing for it." Last June his company and Cincinnati Bell announced the formation of Anixter-Cincinnati. The partnership will offer a complete line of electrical and electronic wire and cable, plus cable TV and telecommunications supplies and equipment.

But for most of the industry the market still looks dead. "Major capital spending still hasn't started to boom," says John Lux, chief executive of Ametek, Inc., the $424 million manufacturer of process equipment, electric motors and other components for consumer products. Although a strong resurgence in consumer spending and judicious cost-cutting enabled Lux to keep Ametek at the very top of the industry's Profitability Yardsticks, he remains skeptical about the recovery. "A lot of what we're doing for customers now is just replenishing their inventories," he says. Indeed, Lux split Ametek's stock 2-for-1 last July and diversified out of the business in August by buying a small plastic packaging materials company.

These uncertain prospects are, of course, what would be expected in an industry that typically lags a recovery. If anything, the upturn in machine tools is ahead of schedule. It usually doesn't start cooking until capacity use hits 80% and manufacturers can no longer afford to put off buying new capital equipment. Capacity use currently stands at about

Help!

About 38% of the machine tools installed in U.S. factories in the first six months of 1983 were built overseas. James Gray, president of the National Machine Tool Builders' Association, which compiled those statistics, is pessimistic about the future. He believes imported machines could go over 50% in 1984 for the first time. "And then it will just snowball." Gray, of course, has an ax to grind. He wants import quotas.

The Commerce Department has until Mar. 14 to recommend whether President Reagan should accept or reject a petition by the NMTBA to set a mandatory limitation on imports to 17.5% of U.S. consumption for five years.

Not every tool manufacturer is whimpering to Uncle for help. Robert Krikorian, chief executive of Rexnord, for one, doesn't want quotas. "I don't think it's the way to go," he says. "I can see other industries that are also facing very severe competition and need a little respite. But this world of ours isn't going to improve by putting up walls between countries."

But those who do favor import restrictions like to wrap themselves in the American flag. "This is a far more critical issue to the country than it is to the machine tool industry," says Richard Lindgren, president of Cross & Trecker, which makes numerically controlled machinery.

"Philosophically, we are all free traders. But the Japanese balance of trade is anything but free and fair," says Eagle-Picher Industries CEO Thomas Petry. His company makes components for heavy machine tools.

Funny, isn't it? Nearly everyone is for free trade except when immediate interests are threatened.—J.B.

Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Production equipment												
Cross & Trecker	1	19.9%	1.7%	0.1	1	18.5%	1.9%	2.5%	2	12.7%	1	22.7%
Briggs & Stratton	2	17.5	8.9	0.0	2	16.9	8.3	4.1	5	11.1	5	5.3
Parker-Hannifin	3	15.4	7.9	0.3	3	12.8	6.9	3.4	1	16.5	4	6.8
Cincinnati Milacron	4	15.3	def	0.3	6	11.1	def	def	7	8.6	2	16.7
Harsco	5	13.3	7.1	0.3	5	11.2	6.4	3.2	6	9.9	6	3.3
Norton	6	13.2	4.9	0.3	4	11.3	5.0	2.4	4	11.7	3	7.0
Ingersoll-Rand	7	9.9	def	0.5	7	8.1	0.3	def	9	8.1	7	–2.7
Eagle-Picher Inds	8	9.5	5.5	0.3	8	8.0	5.2	2.4	11	5.7	8	–3.4
Midland-Ross	9	8.2	def	0.6	9	7.7	def	def	3	12.7	9	–4.6
Acme-Cleveland	10	5.9	def	0.3	10	5.0	def	def	8	8.4	10	–4.9
Chic Pneumatic Tool	11	def	def	0.7	11	3.0	def	def	10	7.4	11	P–D
Medians		13.2	1.7	0.3		11.1	1.9	2.4		9.9		3.3

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

79% and isn't expected to reach 80% until mid-1984. "We're getting there," says Cincinnati Milacron's Geier, "but we have to be awfully careful."

The warning is well taken. Machine tool producers nowadays must cope not only with shorter cycles in their notoriously cyclical business but also with more rapid innovation as well.

That's why the industry is littered with recent casualties. "A lot of them didn't mind their business," Geier says. "You have to keep modernizing, keep R&D up."

Jim Geier learned that lesson the hard way. Cincinnati Milacron used to own the U.S. turret-lathe market until it woke up in the Seventies to discover that the Japanese had walked off with a big chunk of it. Like countless smaller U.S. machine tool builders, Cincinnati Milacron was forced to take the high ground in more specialized, and usually more sophisticated, machinery.

Small wonder, then, that despite Cincinnati Milacron's net loss for 1983, Geier continued investing in experimental manufacturing systems, including machines for use with a wide variety of synthetic materials like graphite-based composites. "With the sophistication of these new machines, it's becoming more and more difficult to keep up spending," he says.

Geier should be happy he can still afford it. A lot of his competitors aren't so fortunate. ■

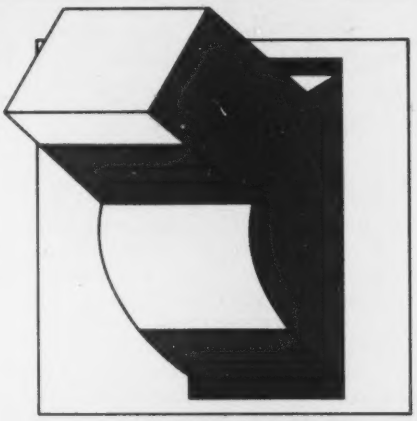
Industrial equipment and services

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialty equip. materials												
Trinity Industries	1	23.8%	7.0%	0.4	1	18.8%	6.6%	3.2%	3	18.6%	3	17.5%
Foster Wheeler	2	21.3	14.2	0.1	2	18.7	13.4	3.3	22	7.4	1	17.7
Ametek	3	20.1	19.4	0.3	6	14.6	14.2	7.3	16	9.8	12	10.2
Combustion Eng	4	19.8	13.6	0.1	10	12.9	9.8	3.8	12	11.9	4	17.0
Sundstrand	5	19.4	9.3	0.2	9	13.6	7.7	5.0	17	9.7	7	13.5
Cooper Industries	6	18.1	3.7	0.2	4	16.6	4.3	3.1	1	29.1	10	12.0
Harris Corp	7	17.6	9.0	0.3	13	12.7	6.7	3.9	4	18.3	2	17.6
Illinois Tool Works	8	17.3	15.7	0.0	3	16.7	14.7	10.1	15	10.6	9	12.3
Zurn Industries	9	16.9	12.1	0.2	14	12.6	9.4	5.0	24	7.2	5	14.9
Tyler	10	16.3	9.7	1.2	11	12.8	8.4	1.8	6	16.8	18	5.0
Emhart	11	16.1	16.6	0.3	8	13.8	12.7	4.9	8	14.3	16	6.2
Tecumseh Products	12	16.0	13.7	0.0	5	15.9	13.3	6.5	26	5.7	15	7.3
Avery International	13	15.4	15.7	0.6	17	11.5	11.8	3.9	11	12.2	6	14.8
General Signal	14	15.0	10.3	0.1	7	14.1	9.6	5.5	5	16.8	8	12.5
Stanadyne	15	14.7	11.5	0.2	15	12.1	9.4	4.9	20	8.4	17	6.0
Dennison Mfg	16	14.5	13.2	0.3	12	12.7	11.4	4.4	13	11.6	14	7.4
Ex-Cell-O	17	13.9	11.6	0.1	16	11.9	10.0	5.1	7	16.2	11	10.3
Foxboro	18	11.4	3.1	0.1	18	10.6	3.2	1.9	14	10.6	19	4.5
Stewart & Stevenson	19	10.7	6.9	0.5	19	8.7	5.7	2.2	9	13.4	20	–1.4
McDermott Intl	20	8.6	7.4	0.3	25	6.3	6.0	3.0	2	20.0	25	–9.2
Rexnord	21	8.4	2.4	0.4	22	7.7	3.1	1.1	19	8.6	24	–7.6
Research-Cottrell	22	8.3	4.2	0.3	20	8.2	4.7	1.3	10	12.5	13	8.9
Stewart-Warner	23	8.0	2.2	0.0	21	7.9	2.2	1.5	30	2.3	21	–5.0
UMC Industries	24	7.9	2.1	0.7	24	6.9	3.2	0.7	21	7.9	23	–6.8
Timken	25	7.7	def	0.0	23	7.2	def	def	25	6.0	22	–5.1
Dayco	26	6.5	1.8	1.3	26	5.0	2.9	0.4	23	7.3	26	–10.3
Amerace	27	5.5	def	0.4	27	4.4	def	def	28	3.5	27	–13.3
Peabody Intl	28	2.2	6.2	0.3	28	4.1††	5.5	1.7	18	8.8	28	–26.5
Allis-Chalmers	29	def	def	0.5	29	def	def	def	27	3.7	29	P–D
General Refractories	30	def	def	3.3	30	def	def	def	29	2.8	29	P–D
Medians		14.6	8.2	0.3		12.0	6.7	3.2		10.2		6.8
Industrial services												
PHH Group	1	23.7%	20.0%	2.6	6	6.6%	8.3%	6.1%	2	30.5%	4	21.7%
Waste Management	2	22.9	18.0	0.3	2	16.4	13.5	11.7	3	29.3	1	30.7
Anitter Bros	3	21.4	10.8	0.6	3	15.7	8.5	2.0	4	20.7	3	22.4
National Svc Inds	4	20.1	18.6	0.0	1	17.7	16.8	5.9	6	10.5	5	16.5
Browning-Ferris Inds	5	20.0	21.5	0.3	4	13.7	16.1	9.3	5	15.9	2	23.0
Geico	6	17.9	def	6.7	5	8.4	4.6	def	1	36.8	6	13.1
Medians		20.8	18.3	0.5		14.7	11.0	6.0		25.0		22.1
Industry medians		15.0	7.1	0.3		11.5	6.4	3.0		10.6		7.0
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. P–D: profit to deficit. def: deficit.

Producers of electrical machinery typically lag in a recovery, which is why most of them are so optimistic about 1984.



Electrical equipment

By Jill Bettner

LAST YEAR THE ECONOMIC recovery was fueled primarily by the consumer, with declining interest rates triggering a sharp uptick in housing starts. That normally doesn't have much effect on the electrical machinery business, so it's surprising the Yardstick companies were able to turn in as good a performance as they did. Their decline in median profitability for the latest 12 months was right in line with the all-industry numbers.

"We were very pleased we were able to sneak through this year," says Charles Knight, chief executive of Emerson Electric Co. Sneak through is right. The St. Louis-based electrical equipment manufacturer chalked up a $303 million profit for 1983, a razor-thin 1% increase over 1982, but enough to claim its 26th consecutive year of earnings growth. That was a significant accomplishment last year in an industry that was still waiting for the long-overdue upturn in capital spending.

The exceptions were few in the latest 12-month figures on the Profitability Yardsticks below. The only two companies to show gains were the temperature control companies—Robertshaw and Johnson—both of which benefited from the comeback in housing, the boom in major appliances and the rebound in auto sales. For most other Yardstick companies, the recovery is still on the horizon. Hard hit by losses in Brazil and barely breaking even on the sale of transmission and power-generating equipment to utilities (and process equipment to the petrochemical industry), Chicago's McGraw-Edison stumbled on its Yardstick Profitability rankings for the latest 12 months. But a sharp recovery could come this year. Both the industrial and commercial markets for its compressors and transformers are likely to improve.

Earnings on the sale of General Signal's industrial instrumentation and control systems fell about 20% last year, the second consecutive decline. "But we're seeing some momentum now," says CEO Nathan Owen. "Nineteen eighty-four? I feel good about it."

Like most electrical equipment manufacturers, General Signal, not on the Forbes list, has diversified to less-

Electrical equipment

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	26.5%	13.2%	0.6	8	14.5%	8.9%	3.4%	1	31.2%	2	21.6%
Emerson Electric	2	21.0	19.5	0.1	1	19.7	17.9	8.7	5	15.4	5	13.2
General Electric	3	20.3	19.4	0.1	2	18.3	17.7	7.3	10	9.9	8	12.0
Square D	3	20.3	12.5	0.2	5	16.6	10.6	5.6	8	12.9	10	8.1
National Svc Inds	5	20.1	18.6	0.0	3	17.7	16.8	5.9	9	10.5	3	16.5
W W Grainger	6	17.7	13.4	0.1	4	17.2	12.4	5.9	7	13.5	6	12.6
Raychem	7	17.2	10.8	0.1	7	15.7	9.8	5.1	3	23.5	1	22.9
Harvey Hubbell	8	17.2	14.0	0.0	6	16.2	13.2	7.8	6	14.9	7	12.2
Westinghouse Electric	9	15.4	12.8	0.2	9	13.7	12.1	4.3	11	7.8	4	15.5
Johnson Controls	10	14.6	15.3	0.3	10	11.6	12.3	4.5	2	25.4	9	11.9
McGraw-Edison	11	11.2	6.8	0.7	11	10.0	6.4	1.9	4	15.8	12	4.8
Robertshaw Controls	12	8.8	11.8	0.4	12	7.3	9.5	3.6	12	7.3	11	5.3
Industry medians		17.5	13.3	0.2		16.0	12.2	5.4		14.2		12.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.

en its dependence on utilities and nonresidential construction. With both those traditional markets still soft, Owen is glad he did. His emphasis has been on semiconductor processing and on telecommunications. He made no fewer than nine acquisitions in those industries last year and plans more. "I believe in 1984 we'll be back up to a new earnings record or close to it," Owen declares. "By 1985 we'll really look like heroes."

National Service Industries CEO Erwin Zaban is confident that industrial lighting, one of the old electrical equipment mainstays, is poised for a rebound. "We're seeing some improvement already," he says, though big gains typically lag the building recovery by six to eight months. "In 1984 we're looking for lighting to be a real plus," he says.

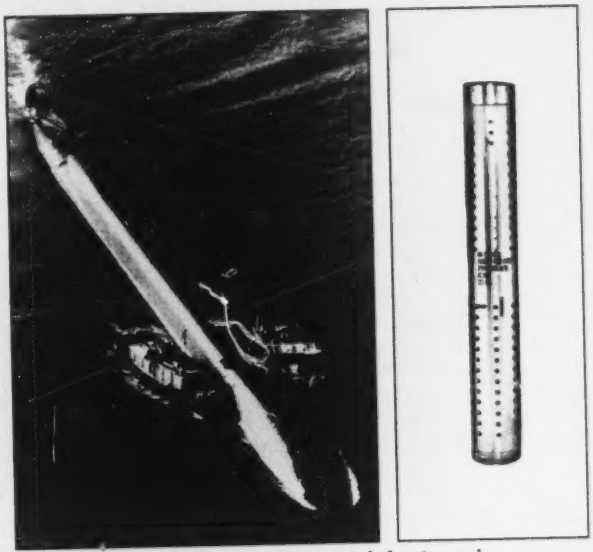
Knight agrees. "We're looking for a recovery in all of our capital-goods-related businesses, including process controls, motors and drives, professional tools and nonresidential construction products. If those businesses come up to the present level of consumer activity, 1984 is going to be a good year."

But Emerson hasn't been idly sitting by waiting for that recovery. Knight has taken advantage of the downturn to build in some new efficiencies. Early last year he consolidated operations involving 17 plants at a cost of nearly $20 million. Those moves, he says, should save Emerson about $35 million annually.

Fred Dusto, chief executive of Harvey Hubbell, Inc., expects the pickup in low-voltage wiring devices, triggered last year by the upturn in housing starts, to spill over this year into his main commercial and industrial markets. But he isn't expecting a change in the fortunes of some important customers. "Steel, coal mining and utilities will be down or flat," he says. Hubbell closed two of its Canadian plants last year because of a continuing decline in demand from Canadian utilities for its electrical porcelain products.

Less diversified than most other electrical equipment makers and burdened with problems in Mexico, Square D reported its second consecutive earnings decline last year, reversing several years of strong growth. Square D's circuit breakers and other power distribution and control devices encountered declining sales and considerable price erosion because of weak nonresidential construction markets. President Robert King now says he's "cautiously optimistic about a broad construction recovery," although that is not likely to include the key utility segment.

But in 1983 Square D increased its emphasis on electronics with its purchase of Topaz, Inc. Topaz makes devices that protect computers from power disturbances—a field King thinks quite promising. "On one side, industry is trying to improve its efficiency, and on the other side, utilities are pressing their systems to get more out of them," he says. "We benefit both ways."



Sparton Corp.'s sonobuoys (inset) *track foreign subs*
Razorblade electronics.

Johnson Controls finished fiscal 1983 in September with record earnings of $59 million, thanks to strong sales of auto batteries. But orders for industrial facilities management systems for monitoring fire safety and security as well as energy use are also improving, says CEO Fred Brengel. "Very few industries won't be better off in 1984 than they were in 1983, though you can't quantify how much better," he says.

Stepped-up defense orders in 1983 were a boon to several companies, including Emerson, General Electric, Westinghouse and Sparton Corp. The Jackson, Mich.-based Sparton, also not on the Forbes list, gets about 56% of its sales from defense electronics products like sonobuoys, which are used by the Navy to track foreign submarines. The devices last only about two hours before they sink and have to be replaced, so it's a nice razorblade business for Sparton. A 15% increase in demand for them last year helped boost Sparton's sales 19%, to $142 million. "Russian subs are a threat 365 days a year," says Sparton CEO John Smith. His company is also a major supplier of auto horns to such customers as General Motors and Chrysler.

Yardstick-topping Tyco Laboratories got much of its growth by acquiring and turning around troubled companies. Its growth has also come from capital gains from abortive takeover attempts such as its $22 million profit on the sale of its 30% investment in Cutler Hammer in 1978. But the company may be changing direction.

Following the death of former Tyco Chairman and CEO Joseph Gaziano a little more than a year ago, new CEO John Fort sold Tyco's 503,000 shares of Allied Corp.'s $12 cumulative preferred stock for $54.3 million. He told FORBES he has also decided not to increase Tyco's 46% stake in Heinicke Instruments Co. or its 29% interest in Muirhead, Ltd., a British electronics company.

"For the short term at least, we're becoming more operations-minded than acquisitions-oriented," says Fort. Recently he has also sold some divisions of Tyco's Ludlow Corp. that were outside Ludlow's principal flexible-packaging business.

Tyco gets about 38% of its sales from sprinklers and other fire protection devices. Because they are among the last items to be installed in new buildings, "that business is going to be flat next year, near as we can tell," Fort says. But he is enthusiastic about prospects for his printed circuit boards, which are used by customers ranging from computer manufacturers to utilities. "It's the segment of our business that moves most with the general economy," says Fort, who likes what he sees ahead. "We're looking at very good growth, very good," he says. "Orders are up about 25% over last year. It's a very positive sign." ■

Here it happened. There really was a recovery. Well, anyway, the beginnings of one.

Building materials

By Barry Stavro

"We've had a pretty good turnaround year. Some of us are sleeping a little better," says Joe Cordell, president and CEO of Jim Walter Corp.

Like any commodity business, the building materials industry is highly sensitive to volume because its plants have a great deal of operating leverage. So when housing starts, triggered by falling mortgage rates, leapt 59%, to 1.7 million, in 1983—a normal year, by more normal standards—much of the building materials business snapped right back.

Since it manufactures partially finished housing and various building materials, Jim Walter's earnings track housing starts like a shadow. After 1978, when housing starts hit a robust 2 million, Jim Walter's earnings hit a record $98 million in 1979. Then, as housing slumped (down to 1.07 million starts in 1982), so did Jim Walter's earnings ($6.1 million in 1982). In 1983 Jim Walter's profits jumped to $70.6 million, with its building products group enjoying a profit swing of $36 million.

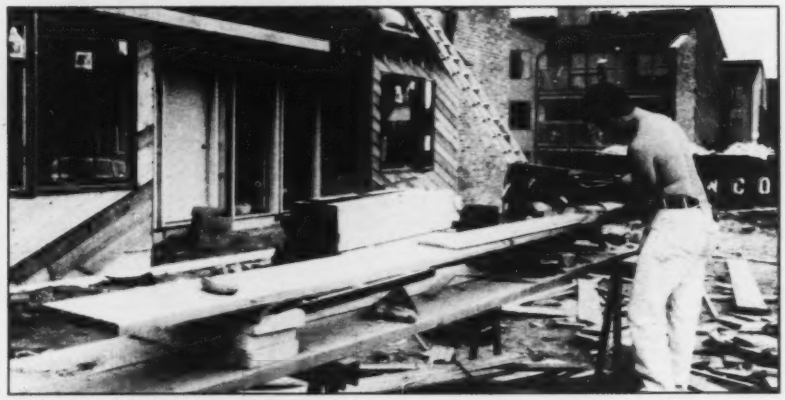
This doesn't happen automatically, of course. Cordell had cut Jim Walter's overhead as much as possible, by trimming the work force by 16%, cutting short-term debt and reducing break-even for his building materials group to correlate to 1 million housing starts a year instead of 1.5 million. "We came out of this a much leaner and stronger company," Cordell says.

Gypsum wallboard is used for interior walls in new housing, and it's also a product used at a fairly early stage in construction. As a result, United States Gypsum Co., traditionally the performance leader in this market with a commanding 35% share in wallboard, saw its quarterly earnings per share in 1983 climb from 46 cents to 95 cents to $1.68 in the third quarter. For nine months USG's net income was up 83%. Along with it have come some of those inflationary price hikes Federal Reserve Chairman Paul Volcker is worrying about. Says Eugene Miller, USG's senior vice president for corporate planning: "Our wallboard plants are operating at 97% capacity. When the supply/demand equation gets close, it's an opportunity to regain eroded margins." USG's gypsum wallboard prices rose 20% in 1983. But USG has earned it, having spent $277 million in the past five years to boost its wallboard capacity 25% and having reduced break-even costs 30% in the past two years.

Other companies that managed to hang on to dominant market share during the recession did well, too. Like Jim Walter, Owens-Corning Fiberglas showed a modest gain on the Profitability Yardsticks during the latest 12 months. With 60% of the capacity for fiberglass insulation, Owens-Corning was able to boost prices occasionally even in the bad years of 1981 and 1982. As demand recovered, Owens-Corning boosted prices on the rising sales volume. Its profits for 1983 should more than double 1982's $29.7 million.

Under the welcome protection of that price umbrella, even a weak contender in fiberglass like CertainTeed Corp., which lost $17 million in 1981 and 1982, turned in a nine-month profit in 1983 of $25 million. CertainTeed CEO Michel Besson credits heavy capital spending and strenuous efforts to increase productivity. "If you compare our 1978 output per employee," he says, "we're up 40% in fiberglass insulation."

Some portions of the industry were slow to feel the effects of an improved housing market. Take a look at the latest 12-month results for the lumber industry. Huge oversupply in plywood dampened prices. Limp overseas markets, combined with a trend to downsize new homes—thus requiring less wood—didn't help. Still, lumber demand and prices have picked up (spruce fir lumber prices per 1,000 square feet hit a low of $140 in late



In 1983 1.7 million homes were built.
Half of the industry is back to normal.

1981, bounced back to $235 by mid-1983 and have since backed off again). For longtime industry profit-leader Weyerhaeuser, that boosted nine months' earnings 24%, to $135 million. But as Weyerhaeuser's sorry 3.4% return on equity for the latest 12 months attests, there is still a long way to go before the company, with its huge capital investment, is back on track.

In the long-suffering cement industry, most firms continued to sink like a stone. Lone Star Industries, the biggest producer in the country, had boasted on the cover of its 1982 annual report, "Lone Star is Ready." It seemingly had made all the right moves. It had kept maintenance spending up. It had taken advantage of acquisition opportunities over the past five years, tripling its annual capacity to 12.5 million tons. But for 1983 Lone Star will post a record loss of some $2 per share (vs. 5-cent earnings in 1982). Kaiser Cement will also lose about $1 a share.

Part of the cementmakers' problem

Building materials

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Lumber												
Willamette Inds	1	9.9%	5.5%	0.9	1	8.1%	4.7%	2.2%	2	11.1%	3	–4.2%
Weyerhaeuser	2	9.8	3.4	0.4	2	7.6	3.7	2.7	5	8.4	2	–3.1
Georgia-Pacific	3	8.5	2.0	0.6	5	5.9	2.4	0.7	1	11.4	5	–6.3
Boise Cascade	4	8.4	3.8	0.6	3	6.9	4.2	1.7	4	9.4	1	0.2
Champion Intl	5	8.2	3.5	0.5	4	6.0	3.4	1.7	6	6.0	6	–6.5
Louisiana-Pacific	6	6.5	2.7	0.2	7	4.6	2.1	1.9	3	10.8	4	–5.2
Southwest Forest Inds	7	1.7	def	1.1	6	5.5	0.5	def	7	5.7	7	–26.4
Medians		8.4	3.4	0.6		6.0	3.4	1.7		9.4		–5.2
Cement and gypsum												
United States Gypsum	1	13.2%	9.7%	0.1	1	9.8%	7.6%	4.5%	4	7.0%	1	10.1%
Moore McCormack Res	2	10.8	1.7	1.0	5	7.5	3.2	1.5	1	12.4	3	0.9
National Gypsum	3	10.4	7.8	0.4	2	8.1	6.4	3.5	3	7.9	2	6.1
Ideal Basic Inds	4	9.1	3.6	1.0	6	6.1	2.8	3.1	5	6.3	6	–4.6
Gifford-Hill	5	8.7	1.2	1.2	3	7.9	4.1	0.6	2	11.9	5	–0.3
Lone Star Industries	6	8.3	def	0.7	4	7.7	1.3	def	6	2.2	4	0.3
Medians		9.8	2.7	0.9		7.8	3.7	2.3		7.5		0.6
Building materials												
H H Robertson	1	18.7%	12.5%	0.1	1	15.2%	11.2%	3.4%	2	10.7%	2	19.4%
Vulcan Materials	2	18.6	10.2	0.2	2	13.6	8.0	5.9	4	9.7	5	10.8
PPG Industries	3	13.9	12.1	0.3	3	10.4	8.9	5.8	7	8.1	4	10.8
Ceco	4	11.8	9.1	0.2	4	9.7	7.6	2.6	5	9.2	3	16.8
Sherwin-Williams	5	11.4	15.2	0.5	6	7.7	10.7	2.7	3	10.2	1	19.8
DeSoto	6	10.8	13.9	0.2	5	9.0	11.5	4.9	15	3.2	6	8.7
SCM	7	9.2	3.0	0.5	7	7.2	3.4	0.9	10	6.3	7	3.8
Owens-Corning Fbrgls	8	8.8	9.8	0.5	8	7.2	7.3	2.5	1	14.2	9	–4.6
Armstrong World Inds	9	8.3	9.1	0.2	9	7.1	7.6	3.8	11	5.8	8	1.4
Jim Walter	9	8.3	10.2	1.0	10	6.1	6.8	3.5	8	7.9	10	–6.4
Crane	11	7.1	def	0.6	12	5.5	def	def	14	3.7	11	–13.1
Manville	12	3.3	9.4	0.5	13	4.3	6.8	5.6	6	9.0	12	–19.8
CertainTeed	13	0.6	8.2	0.4	14	2.8	7.1	2.8	12	5.2	14	–45.9
Evans Products	14	def	def	1.8	11	5.5	def	def	9	7.8	15	P–D
GAF	15	def	def	0.9	15	def	3.2	0.1	17	–5.0	15	P–D
Bird	16	def	def	0.7	16	def	def	def	13	3.7	15	P–D
Masonite		**	9.8	0.1		**	8.7	3.8	16	1.6‡	13	–22.7‡
Medians		8.6	9.4	0.5		7.2	7.3	2.8		7.8		–4.6
Building equipment												
Dover	1	25.2%	16.7%	0.1	1	22.3%	15.5%	7.5%	1	18.4%	1	19.4%
Masco	2	21.6	16.9	0.7	2	12.9	11.4	9.5	2	15.9	2	13.5
American Standard	3	17.7	8.5	0.4	3	12.8	6.4	2.4	4	6.0	4	10.2
Trane	4	11.9	9.1	0.5	4	9.7	7.1	2.4	3	12.5	5	10.1
Scovill	5	10.4	12.9	0.7	5	8.3	9.8	3.2	5	5.4	3	10.3
Butler Manufacturing	6	9.2	def	0.2	6	8.2	0.2	def	6	5.0	6	–4.9
Medians		14.8	11.0	0.5		11.3	8.5	2.8		9.3		10.3
Industry medians		9.2	8.0	0.5		7.6	6.4	2.6		7.9		–0.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit. **Not available; not ranked.

in 1983 was in the uneven nature, noted above, of the housing turnaround. In the first wave of a recovery in new housing, developers build on lots in existing housing divisions. Only in the second or third wave do new curbing, sidewalks or sewers, all requiring cement, have to go in. But housing provides only one-third of the cement industry's business. The other two-thirds are commercial construction and roads, bridges and other infrastructure needs.

Here, too, there was a lag in 1983. Office construction was soft through the first nine months, which helped keep prices down. And despite the much publicized need for better maintenance of the federal interstate highway system, spending on repairs has not increased dramatically.

Result: At 69 million tons in 1983, cement consumption was no higher than 1981 levels. "When you're running cement mills at 70% capacity, there is no way in the world you can make money," says Ted Baker, president of Florida Rock Industries, a smallish (estimated 1983 sales: $180 million) but profitable cement producer based in Jacksonville. Florida Rock's 1983 earnings should jump 25%. Why? Since cement is so heavy and costly to transport, it is primarily a regional business. Nearly 60% of Florida Rock's sales comes from a healthy Florida market, and it didn't hurt that 55% of 1983's housing starts were in the South. So Florida Rock operated at more than 80% of capacity in 1983.

Don't think Lone Star has abandoned hope simply because it ran in the red while most other building materials companies were rebounding nicely. "As modest as it was, 1983 saw the first year of recovery," says Carmine Muratore, Lone Star's executive vice president. "We think the next three to five years will be very good for our business."

Why? Well, cement prices actually turned up in the third quarter (Lone Star showed a narrow profit) with the first upticks in nonresidential spending, and Muratore expects public spending for the well-publicized infrastructure problems to pick up at long last. The Portland Cement Association expects cement consumption to pick up 10% in 1984, which would be enough to nudge most cement companies into the black.

Just how much pent-up demand for housing remains suppressed by still high mortgage rates can be seen in the outstanding gains in latest 12-month return on equity figures in the Yardsticks for consumer paint producers like DeSoto and Sherwin-Williams (or the Glidden division of SCM). Most of that fresh paint is going to cover old housing, not new.

The best news for the building materials industry is that even if housing starts are flat at around 1.7 million starts this year, as expected, this should be a better year for earnings because the number of housing completions will rise perhaps as much as 14%, from 1.38 million in 1983 to 1.6 million, according to the National Association of Home Builders. That's good news for companies whose products, such as roofing shingles or plumbing, are used in the later stages of housing construction.

Masco Corp., for example, the nation's leading faucetmaker (with 33% of the market), turned in an impressive 16.9% return on equity for the latest 12 months on the industry Yardsticks. Masco President Richard Manoogian says 1984 "should be a better year for us because faucets are among the last products to go into a home." Masco's nine-month 1983 earnings increased 27%, and analysts peg the company's 1984 earnings at $2.75 per share, up from $2 in 1983. Manoogian can afford to be optimistic, of course. He has his bases covered, with 60% of Masco's building products going not for new construction but to the rebounding replacement and remodeling market.

Another bright spot is the $30 billion do-it-yourself market, which has grown 13% a year since 1970.

The critical variable remains mortgage rates. As long as they go no higher than 13%—a reasonable prospect in this election year—building materials should continue to rebound.

The stock market has been expecting it. Many building materials stocks doubled during the 1982-83 market surge. While many fell back about 15%, they are still considered to be fully valued against their likely improved 1984 earnings. Most building material stocks move in anticipation of interest rate swings, not earnings. ■

The asbestos albatross

At last count some 26,000 lawsuits claiming death or injury related to the use of asbestos products have been filed in U.S. courts. Many of them are multiple suits against Jim Walter, Owens-Corning, GAF, Armstrong World Industries and, of course, Manville Corp., which sought shelter from all the unknowns of asbestos liability under the bankruptcy law. Estimates of the cost of settling those claims range wildly—anywhere from $1 billion to $15 billion. It's a judicial nightmare.

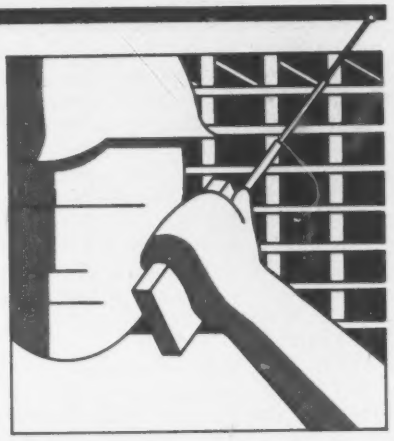
One bill in Congress to cope with the situation, introduced by Representative George Miller (D–Calif.), chairman of the Labor Standards subcommittee, would have the Labor Department act as the clearinghouse for asbestos claims. The purpose is not only to speed up adjudication but also to get more money to asbestos victims by eliminating the need for attorneys. This is certainly a worthy goal. Of the asbestos lawsuits that have been settled to date, a third of the total costs have gone for legal fees.

Under Miller's proposal, totally disabled victims would receive 80% of the national manufacturing average weekly wage on the date they first became disabled (in November 1983 that would amount to $280 per week), plus medical benefits. The money would come from a pool contributed to by asbestos manufacturers (and their insurers) and vary according to a company's asbestos "exposure."

James Kynes, Jim Walter Corp.'s senior vice president and legal counsel, has no quarrel with the basic concept of the bill. But he objects strongly to several wrinkles, including its omission of federal contributions, despite widely acknowledged asbestos-related injuries suffered by workers at Navy shipyards during World War II and Korea. Kynes also objects to the Miller bill's notion that it be a no-fault plan—that is, workers would need to prove only that they are disabled. (Currently, workers must prove negligence on the part of manufacturers in order to win their claim.) The no-fault provision, Kynes and others believe, could drive total costs for the program out of sight.

One thing is certain: The asbestos problem is not going away. A year ago Jim Walter faced 11,600 asbestos-related lawsuits. The company now faces 15,600 such suits.—B.S.

It took a lot of fancy footwork, but most of the big construction firms did pretty well in 1983.



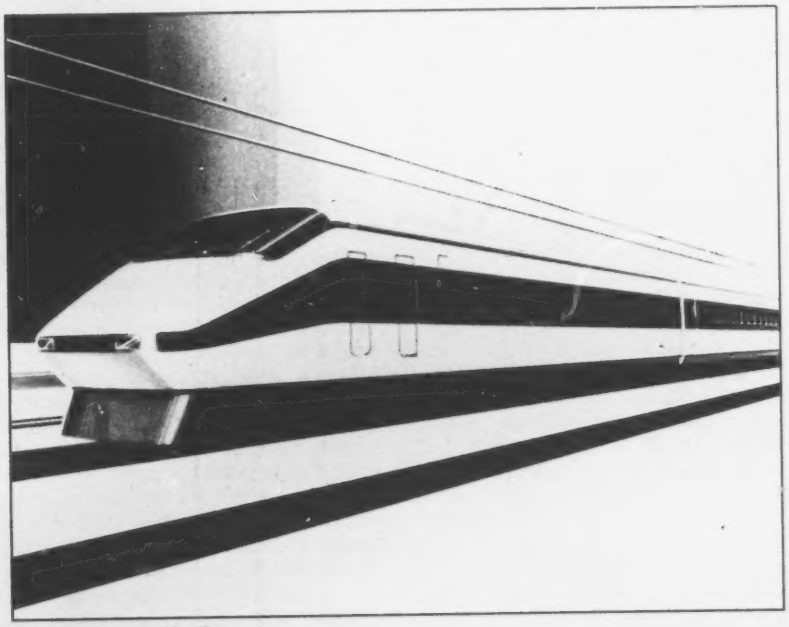
Contractors

By Roger Neal

IN A RECESSION this industry noses over first and comes out last," says William McMurren, president of Boise-based Morrison-Knudsen. That's true so far as backlogs are concerned. But the manner in which McMurren and some of his competitors dealt with the problem was a subject for admiration in 1983. Construction was soft, both at home and abroad, and the once lucrative OPEC market has shrunk drastically. And yet, from a profits point of view, this industry came through the year remarkably well. The Yardsticks tell the tale. Order-starved contractors have actually kept pace with other industries in the recovering economy. How so? The better-managed companies have been simultaneously broadening their technological specializations and slashing costs.

Granted, this can't be accomplished overnight. If your specialty is large power plants, chemical plants and oil refineries, like Dravo, for example, or like Fluor, you're going to be hurting right now.

But most big contractors are currently earning close to their five-year return on equity, mainly because they diversified their customer base. The leading practitioner of this approach is Pasadena, Calif.-based Parsons. Parsons Chairman William Leonhard expects the company to post its 12th consecutive earnings increase in 1984. This is especially impressive given Parsons' high 25.3% return on equity in the latest 12 months—twice as good as the contractor industry median return on equity of only 12.5% in the same period and 12.6% for all industry. Parsons has earned that handsome return not just by diversifying, but by running a tight, low-overhead operation both in good years and in bad.



Fluor's proposed bullet train
High hopes for a new expertise.

Though megaprojects are scarce, there are some small profitable niches in the industry that are looking better. Recent federal actions, for example, have provided a number of nuclear waste storage and cleanup projects like Morrison-Knudsen's uranium mine tailings cleanup contract, which could extend to 23 sites in half a dozen states. Another nice piece of business will be the $3 trillion that the Associated General Contractors of America says will be needed to renovate the nation's infrastructure—ports, highways, bridges and airports—over the next 18 years. Funded by the nickel-a-gallon gasoline tax surcharge that was passed in 1982, the states are likely to start spending that federal money this year.

Up until recently, small companies have taken advantage of these market segments because the national contractors had bigger fish to fry. Take little San Bernardino, Calif.-based Kasler Corp. (1983 revenues, $105 million). Kasler, a regional heavy construction company that deals primarily in civil engineering work for government—everything from highways to space shuttle launch facilities—has managed a five-year average return on equity of better than 30%. But with little else for the large firms to fall back on, competition for these small projects will be stiff.

Increasingly, large contractors are becoming generalists, and none has been more successful at it than Par-

sons. With jobs in such diverse fields as petroleum processing, nuclear waste storage, mass transit and defense, both in the U.S. and 34 foreign countries, Parsons can shift resources to wherever the work is, often bringing higher-powered talent and more financial muscle to bear on a project than competitors could offer. Parsons isn't held hostage by an ailing industry here or a politically unstable region there.

Take Morrison-Knudsen, a giant company whose solid 12.5% return on equity makes it another strong generalist. Says CEO McMurren: "Diversification by geography and discipline offers us great flexibility that many of our competitors simply don't have."

Others are trying to broaden their specialties. Fluor has high hopes for the proposed $1.25 billion bullet train between Los Angeles and San Diego. If funded, the project will help Fluor develop an expertise in mass transit.

Of course, 1983's surprisingly good profit showings were not achieved easily. Fluor counted on a $40 million capital gain from sale of an office building. Morrison-Knudsen had to cut back roughly 10% of its administrative staff. Fluor's 1977 acquisition of Daniel Construction, a nonunion company, has been a big help in holding down costs and getting additional business. Daniel now accounts for about 31% of backlog.

The large engineering and construction firms are also finding that an ability to help customers find money is a potent lure. When Standard Oil of California began work on its 47-megawatt geothermal project in California's Imperial Valley, it first approached Southern California Edison to see if it was interested in owning as well as operating the $125 million plant. Edison declined.

Dravo of Pittsburgh got the contract to build the plant by agreeing to take over the project when it was completed. Dravo could do so because, with its faster depreciation schedule and eligibility for a 15% energy tax credit not allowed utilities, it could arrange financing on more favorable terms than the California utility could.

Other contractors have concocted similar schemes or are contemplating doing so. Blount has been negotiating with Oyster Bay, N.Y. to build and finance a $100 million waste-to-energy facility.

Smallish ($70 million revenues) Ultrasystems (FORBES, *Oct. 24, 1983*) has an assortment of innovative projects that it builds and operates, such as its $35 million North Dakota barley-to-alcohol conversion plant. Leonhard of Parsons says, "We'll consider these projects in any field where we feel we have a technological advantage." That apparently includes mass transit: Parsons recently offered to finance and build part of the Houston metro. Unfortunately, the project was nixed by the voters.

But the builder-owner-operator solution does not appeal to everyone. McMurren of Morrison-Knudsen is one executive who doesn't like the idea. "We've historically avoided competing with our clients," he says. "I've heard a lot of talk about this, but it's not the salvation for a weak market." What is? In McMurren's opinion, salvation is in just what M-K has been doing: keeping costs under control and scraping around for small jobs. Not brilliant, just bright. And it seems to work. ■

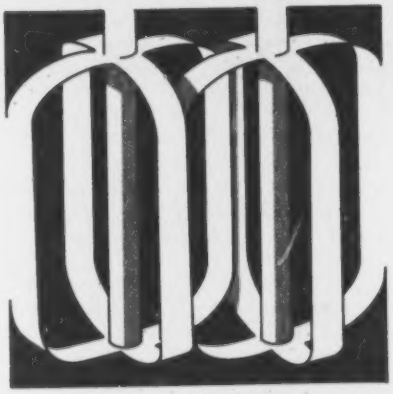
Contractors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy construction												
Parsons	1	27.5%	25.3%	0.1	1	24.2%	23.2%	4.6%	11	6.2%	4	19.5%
Turner Construction	2	24.8	25.4	0.6	2	21.4	17.4	0.6	4	20.5	2	21.8
Blount	3	20.2	21.7	0.5	6	13.1	14.9	2.5	7	13.5	6	16.3
CBI Industries	4	20.1	12.4	0.0	3	16.2	10.0	5.1	9	10.8	9	10.9
Fluor	5	18.4	5.6	0.6	4	14.7	5.5	1.7	2	26.0	8	12.4
Fischbach	6	16.7	17.0	0.4	5	13.3	13.3	1.9	8	12.0	7	12.7
Dynalectron	7	16.1	10.9	0.3	7	12.8	8.7	1.8	6	14.9	1	32.7
Morrison-Knudsen	8	15.6	12.5	0.4	8	12.6	8.6	1.8	5	17.7	5	16.4
Perini	9	13.6	14.2	0.2	9	10.9	9.7	1.5	3	22.1	3	20.5
Raymond Intl	10	9.6	9.9	0.4	10	8.7	9.1	1.0	1	26.3	10	–5.4
Dravo	11	2.7	def	0.4	11	4.4	def	def	10	8.6	11	–25.1
Medians		16.7	12.5	0.4		13.1	9.7	1.8		14.9		16.3
Home building												
Pulte Home	1	32.3%	49.1%	0.2	1	17.0%	26.1%	6.2%	1	33.3%	1	39.4%
Centex	2	18.3	13.6	0.2	3	8.3	8.3	4.5	3	14.7	2	19.3
U S Home	3	14.2	10.7	0.7	4	7.5	5.4	2.9	2	17.0	3	16.9
Ryan Homes	4	11.8	15.1	0.2	2	10.3	12.2	3.0	4	11.3	4	–0.8
Del E Webb	5	3.7	0.7	0.8	5	5.3	3.9	0.2	6	2.0	6	–13.5
Kaufman & Broad	6	1.7	0.9	0.9	6	3.0	4.0	1.0	5	6.3	5	–6.8
Medians		13.0	12.2	0.5		7.9	6.9	3.0		13.0		8.1
Industry medians		16.1	12.5	0.4		12.6	9.1	1.8		14.7		16.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit

You can let the washing machine leak only so long before you break down and buy a new one. That, in part, explains the surge of 1983. But what happens next?



Household goods

By Paul B. Brown

THESE ARE GOOD TIMES for the companies that make washing machines and stoves, bleaches and scouring powder. As William F. Andrews, chairman of Scovill Inc., puts it, "The baby boom is getting married, and the divorce rate is increasing." Divorce is good news? Sure, says Andrews: "One person takes the household, and the other has to go out and buy new appliances and furniture."

In short, while every marriage means a new household, every divorce does, too. And both are on the rise in the U.S. In 1962, if you had asked 1,000 people at random, you would have found 8, maybe 9, who had been married that year. In 1982 that number was close to 11, according to the National Center for Health Statistics. Divorces? In the last 20 years their number has nearly tripled. In 1982 there were 1.2 million divorces. That means more than 1 out of every 10 Americans have been divorced. These days the marriage often wears out before the refrigerator.

Even if it doesn't, of course, the refrigerator would have to be replaced, and that is good news for the household goods industry. The oldest members of the World War II baby boom bought their first appliances between 1969 and 1973—among the best years ever for appliance sales, according to statistics kept by Paul E. Roman, vice president of the Association of Home Appliance Manufacturers, the industry's trade group. They will soon have to replace those initial purchases, since the average life of a household appliance is anywhere from 11 to 15 years, and roughly 75% of sales in this industry are replacement.

A new stove and a new washer
You need them when you get married and divorced.

Add to that the fact that through three years of recession, consumers, frightened of spending money, kept their old dishwashers, refrigerators and clothes dryers longer than they ordinarily would have. Now they are a little more sure they will have a job and are spending big to catch up. That's why 1983 kept getting better and better, and 1984, says Maytag Co. President Daniel J. Krumm, "should be a good, solid year." Krumm, whose company has led the Forbes Profitability rankings in household goods every year since 1974, mentions two other bright spots:

- New homes. That's where about 20% of industry sales comes from, and 1983's 1.7 million new housing starts were up 59% from 1982. They are expected to be strong again in 1984 *(see p. 199)*.
- Lower interest rates.

"In this last quarter we had the highest order rate for household goods we have ever had," adds Scovill's Andrews, whose Hamilton Beach line of appliances, among other products, helped the company place sixth in the Forbes appliance category. "What mainly held people back early in 1983 was the question of whether or not they would have a job," Andrews says. "Now there is enough money out there, enough savings and a lot of pent-up demand."

Not that 1984 will match 1983. Too much catching up has already been done. For example, Maytag's Krumm is predicting that industry sales of automatic washers, which climbed about 13.5% in 1983, will be up another 7% this year. Dryers, up 20% in 1983, should increase by 11.8%. Dishwashers, which cleaned up with 40% gains in 1983, should be up another 18.5% in 1984, he says. Electric range sales were up 40% in 1983 and should

climb another 18% this year. Microwaves, the darling of the industry recently, were up 38.8% in 1983 and should be up 11.2% in 1984. "As you can see, we are expecting a flattening out this year, but overall it looks pretty good," Krumm says.

"Pretty good" is the operative phrase. This is a mature industry, no question about it. Unit sales have been growing at an average rate of 3.6% over the last two decades. That means once the pent-up demand has been satisfied, further growth for any company has to come out of somebody else's hide. One measure of that is that the industry has been steadily consolidating over the past ten years. Look at Forbes' 26th Annual Report on American Industry for 1974. There are now 20% fewer names in the lists below than there were then, with such famous ones as Westinghouse Electric and Admiral among the missing. The major appliance division of Westinghouse Electric was acquired by White Consolidated and Admiral is now a division of Magic Chef.

Along with consolidation came diversification of the survivors. Maytag is a good example. For years it manufacturered only washers, dryers and dishwashers. Now it has moved into stoves and ovens with the acquisitions of the Hardwick Stove Co. and gas and electric grillmaker Jenn-Air in 1981 and 1982, respectively. Clorox Co., which made only its well-known bleach when it was divested by Procter & Gamble in 1969 pursuant to an FTC order, now sells such products as Liquid-plumr, Kingsford barbecue products and Hidden Valley Ranch salad dressings. Chairman Calvin S. Hatch says there will be more acquisitions. "If I had my preference, I'd develop internal products successfully, but the key word is successfully. In the grocery business, you know how hard that is."

In fact, Clorox, which placed third in the housekeeping products division, is now moving beyond the supermarket shelf. In 1981 it acquired Olympic Stain Co., a leading maker of exterior stains and paints, and in July it acquired the U.S. rights to Lucite paints from Du Pont. Similar expansions, either through acquisition or home-grown products, are planned by Economics Laboratory (FORBES, *July 18, 1983*), American Home Products and Procter & Gamble. When it comes to growth, the computer business it's not. But these days, home sweet home is not bad, either. ■

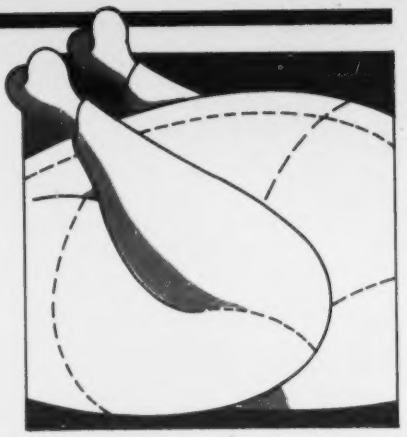
Household goods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Appliances												
Maytag	1	23.7%	27.5%	0.1	1	22.1%	23.7%	9.5%	5	9.4%	5	6.2%
General Electric	2	20.3	19.4	0.1	2	18.3	17.7	7.3	3	9.9	1	12.0
Whirlpool	3	17.5	19.3	0.1	3	16.1	18.0	6.7	6	6.2	3	11.7
White Consolidated	4	11.7	8.5	0.4	5	8.5	7.2	2.3	4	9.4	8	–1.3
Magic Chef	5	10.6	18.5	0.4	4	8.9	13.3	3.9	1	20.2	2	11.9
Scovill	6	10.4	12.9	0.7	6	8.3	9.8	3.2	7	5.4	4	10.3
Allegheny Intl	7	8.8	def	0.8	7	7.7	2.9	def	2	14.1	6	1.8
Hoover	8	7.7	12.7	0.1	8	5.0	10.2	3.3	9	4.4	7	1.4
Zenith Radio	9	4.1	5.9	0.5	9	4.5	5.5	1.4	8	5.1	9	–10.3
Singer	10	def	0.1	0.7	10	1.7	3.0	0.2	10	2.7	10	D–D
Medians		10.5	12.8	0.4		8.4	10.0	3.3		7.8		4.0
Housewares, furnishings												
Insilco	1	14.1%	13.4%	0.4	2	9.2%	9.1%	4.9%	2	10.9%	3	6.3%
Stanley Works	2	13.9	11.2	0.2	1	11.8	9.7	4.7	4	10.3	2	9.1
Black & Decker	3	9.4	9.5	0.6	3	8.4	6.6	3.8	3	10.9	4	–2.3
Roper Corp	4	9.4	14.9	0.5	4	7.2	11.0	2.7	5	3.9	1	9.9
Mohasco	5	1.9	3.0	0.4	6	2.8	3.3	1.0	6	1.3	5	–19.8
Toro	6	def	1.4	0.6	5	4.8	4.8	0.8	1	13.0	6	P–D
Talley Industries	7	def	7.6	0.4	7	1.7	7.2	2.6	7	–3.0	6	P–D
Medians		9.4	9.5	0.4		7.2	7.2	2.7		10.3		–2.3
Housekeeping products												
American Home Products	1	33.9%	34.7%	0.0	1	33.4%	32.4%	12.7%	3	10.6%	1	12.5%
Procter & Gamble	2	19.7	20.1	0.2	3	15.4	15.7	7.0	2	11.3	2	11.8
Clorox	3	18.4	23.1	0.3	2	15.4	17.3	7.7	6	–2.0	3	9.7
Colgate-Palmolive	4	14.3	15.2	0.2	4	11.7	12.6	4.1	5	7.5	5	2.5
Economics Laboratory	5	12.3	def	0.4	5	10.1	def	def	1	13.0	6	1.7
Scott Paper	6	10.2	6.2	0.3	6	7.8	5.2	4.0	4	9.6	4	6.8
Medians		16.4	17.7	0.3		13.6	14.2	5.6		10.1		8.3
Industry medians		10.6	12.7	0.4		8.5	9.7	3.8		9.4		6.2
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. D–D: deficit to deficit. def: deficit.

In 1983 the government gave grain to farmers so they wouldn't plant as much. That plowed profits under for lots of companies.



Food processors

By Jeff Blyskal

SEVERAL MAJOR CHANGES in this industry in 1983 had their origins in Washington. Consider the payment-in-kind (PIK) program, which handed farmers excess government grain to sell, thereby reducing the incentive to plant. The idea was to reduce stockpiles. With the help of a record drought, the scheme was dramatically effective. The corn crop was off by 30%, and wheat output dropped 16%.

This raised prices accordingly and played havoc with many companies' bottom lines. Iowa-based Pioneer Hi-Bred International, Inc. derives 82% of sales and 99% of profits from seed corn in a normal year. In the vital matter of return on equity, it fell from number one among agricultural commodities companies to number three. PIK cut Pioneer's 25% ROE for 1982 almost in half.

High prices for farmers mean high raw-materials costs and pinched margins for grain processors like Archer Daniels Midland and A.E. Staley Manufacturing Co. That's a big reason ADM's return on equity dropped from 12.2% in 1982 to 8.5% in 1983. Staley's, meanwhile, fell from 12.6% to a sad 1.3% in the same period.

Thanks again to PIK and the steadily rising grain prices it spawned, grain merchandisers—including privately held companies not on our list, like Cargill and Continental—had only a fair year. "A volatile grain market helps the merchandising business," explains Charles (Mike) Harper, chairman of Omaha-based ConAgra. If farmers know low grain prices will be rising, they hold back supplies. "Merchandisers have been offering railcars and barges to move grain for practically no profit, just to keep them afloat or moving," says Rodney Cerny, an analyst at First Mid America in Lincoln, Nebr.

Because of today's high prices, many analysts are predicting a record corn crop next summer. Farmers' natural instincts are to take advantage of a strong market and plant as much as they can. This should benefit seed companies like Pioneer and DEKALB AgResearch Inc., as well as makers of agricultural inputs—chemicals, fertilizers, herbicides. ConAgra has a strong position in those markets. The company's chain of 70 United Agri Products outlets sells farm-related chemicals in 25 states. The company claims to have 15% of this highly fragmented market.

While food processors don't expect a PIK program for corn in 1984, they do expect some kind of PIK program for wheat. Why? PIK came too late in 1983 to affect greatly farmers who had already borrowed money and planted their winter wheat crop. In 1984 they will have a second chance.

Down the food chain, meanwhile, higher corn and feed prices are driving up the cost of raising hogs, cattle and chicken. But as the Yardsticks indicate, this doesn't affect all producers the same way. Tyson Foods, a major chicken producer, managed to top its five-year average for return on equity. So did Frederick & Herrud, a top pork producer. At the same time, most meatpackers posted results that were decidedly below average.

Meatpacking plant in Texas
What's squeezing the meat companies?

To understand why, a lesson in commodity cycles is necessary. When feed prices are low, costs decline and herd sizes increase. This sends more cattle to market, which reduces prices. Reduced prices spark consumption, which in turn starts pushing prices back up as demand equals supply. Farmers then increase their herds, and the process begins again. Because it takes at least two years for a cow to grow to market size, the production curve is seldom smooth.

Now, for example, there is an oversupply of red meat at high prices. But the PIK program is also driving up grain costs. So packers of fresh meat are in a squeeze. "Our costs are rising while prices are dropping," says John Copeland, chairman of Swift Independent Corp., whose 12-month ROE in 1983 fell 16 percentage points from an admirable 38% in 1982. SIPCO enjoys such high profitability in part because its assets were spun off from Esmark in 1981. That means balance sheet values are lower than those of most competitors.

Beefpackers, of course, don't operate in isolation. At some point consumers get their fill of expensive steaks, and demand shifts to pork and chicken. "With enough time, high grain prices are better for chicken

than they are for other meats," explains Don Tyson, who runs Arkansas-based Tyson Foods.

That's because chickens require less feed. Thanks to breeding, better-controlled chicken farming and computer-formulated feeds, broilers grow to a bigger market weight faster (eight weeks) than they did 20 years ago. Result: It takes only two pounds of feed to produce one pound of chicken, half the conversion ratio of the Fifties.

Beef and pork producers are not so lucky, and progress is slow because of longer breeding cycles. Three-and-a-half pounds of feed go into a pound of pork and seven pounds into a pound of good steak on the hoof. Thus every penny rise in the price of feed widens the cost advantage of chicken and pork over beef.

That's why poultry consumption of 53 pounds per capita is almost double what it was back in 1960. Beef consumption is up only 24% over the same period. What about pork? Despite its relative cost advantage over beef, per capita consumption since 1960 is up an embarrassing 0.5%.

What with the vagaries of supply and demand, government intervention and the weather, food processing can be a very difficult business. But even in this environment smart managers can show their stuff. Look at Savannah Foods & Industries, Inc. It is a sugar cane refiner—one of the toughest of commodity businesses—and still manages to top its section of the Forbes Yardsticks.

Government price supports for U.S. beet sugar refiners, tariffs on imports of cane sugar and a resultant advantage for high-fructose corn syrup (HFCS) are all threatening Savannah's business. So how does the $440 million-a-year company post a top-drawer 26.2% five-year return on equity?

"We're probably the closest thing to a Japanese company that you can find," says President William Sprague Jr., who works hard to remain a low-cost producer. Savannah also shuns unions and keeps its workers on salary rather than hourly wage, using a substantial employee stock ownership plan as an added incentive. As a result, productivity was up 10% in 1983, and while other refiners are shutting down facilities, Savannah is running full out.

Savannah is also the dominant sugar company in the growing Southeast. There is little likelihood of competitors from outside the territory moving in because, as in the cement business, transportation cost is critical to sugar. Shipping it beyond a certain radius from the production facility is unprofitable. As a hedge for the future, Sprague is considering production of HFCS. Successful companies don't rest on their laurels.

What about the future of the rest of this industry? Agricultural input companies should benefit when farmers return to the soil. Lower grain prices in the latter half of 1984 ought to help grain processors and take pressure off meatpackers and poultry processors. Meatpackers, meanwhile, will get a boost from putting labor costs back in line. Above all, businesses that have been well managed in the past—like Savannah, Swift, Pioneer Hi-Bred and ConAgra—should adjust best to the future. ■

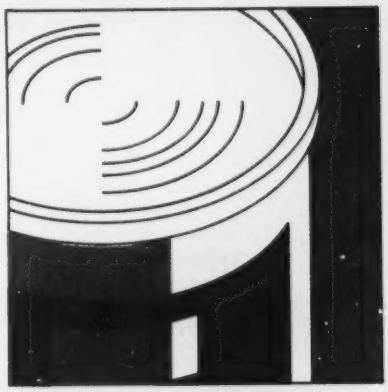
Food processors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Meatpackers												
Swift Independent	1	28.1%††	22.1%	0.8	1	15.6%††	14.6%	0.8%	5	7.1%‡		**
Idle Wild Foods	2	15.8	7.5	0.3	2	12.6	6.5	0.7	4	10.0	6	8.7%
Tyson Foods	3	15.0	22.8	1.5	7	8.6	10.7	2.2	2	18.4	2	10.8
George A Hormel	4	14.2	9.9	0.3	3	11.8	6.9	1.7	6	5.4	3	10.4
Greyhound	5	14.0	10.3	0.4	4	10.2	8.5	3.6	7	2.5	4	9.8
Frederick & Herrud	6	13.3	20.7	1.0	5	9.3	12.4	0.9	3	12.3	5	9.4
Monfort of Colorado	7	12.8	30.6	0.3	6	9.1	20.7	1.2	1	19.9	1	19.0
Wilson Foods	8	def	def	1.0	8	def	def	def	9	1.8‡	7	P–D
Rath Packing	9	def	def	1.2	9	def	def	def	8	1.8	8	D–D
Medians		14.0	10.3	0.8		9.3	8.5	0.9		7.1		9.6
Agricultural commodities												
Savannah Foods	1	26.2%	35.1%	0.2	2	17.2%	25.4%	5.5%	7	5.7%	2	26.0%
ConAgra	2	23.9	19.8	0.7	3	16.6	15.5	2.1	1	20.3	1	28.7
Pioneer Hi-Bred Intl	3	23.6	13.1	0.1	1	20.5	12.2	8.7	2	15.8	3	15.5
Archer Daniels Midland	4	15.6	8.5	0.4	4	12.4	7.4	2.5	3	13.6	4	14.4
A E Staley Mfg	5	15.1	1.3	0.5	5	10.7	2.2	0.6	5	13.0	5	7.5
Kay	6	13.6	3.0	1.9	7	8.3	4.6	0.2	4	13.2	7	6.8
DEKALB AgResearch	7	10.2	3.5	0.2	9	7.5	2.3	2.4	6	11.0	9	–0.1
Anderson, Clayton	8	10.0	4.8	0.1	6	9.8	5.3	1.9	8	4.9	6	6.9
Central Soya	9	9.5	8.3	0.3	8	7.7	6.9	1.7	9	4.9	8	1.0
Medians		15.1	8.3	0.3		10.7	6.9	2.1		13.0		7.5
Industry medians		14.1	9.2	0.4		10.0	7.2	1.7		10.5		9.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four-year growth. P–D: profit to deficit. D–D: deficit to deficit. def: deficit.
**Not available; not ranked.

In one of the stablest of industries, there's a good amount of housecleaning and diversifying going on. It's already paying off at the dawn of what looks like a better year.



Branded foods

By Jeff Blyskal

IN A STORMY economic sea, here is an island of tranquility: Over the past 11 years and two (or three) recessions, the average annual return on equity for 22 of the diversified branded foods companies listed below ranged rather narrowly between 11.4% and 14.9%. For specialized food companies, the swings in ROE were somewhat more dramatic, between 12% and 18.4%. One glance down the latest 12-month results on the industry Profitability Yardsticks shows little change from five-year averages for most companies.

But there are exceptions. Chairman William Stiritz of Ralston Purina has been pruning the company decisively, and it shows: That 23.8% return on equity for the last 12 months, aided only modestly by stock repurchases, puts him just behind the Kellogg money machine in profitability. In contrast, limelight-loving Quaker Oats' abrupt drop in latest 12-month profitability traces to $62.5 million in writeoffs and losses in its chemical and videogame businesses.

Industrywide there are other developments. What appears to be a long-term trend that shows up clearly on the Forbes Yardsticks: From 1976 to 1978, median five-year returns on equity of specialized food companies ran close to 2 points above those of diversified companies. Since 1981, however, specialized branded food company profitability medians have been running under those of diversified food companies.

Hershey recognized the risks of specialists several years ago, which is part of the reason its results put it back in the number two position. In the commodity panics of 1973, when the price of cocoa beans rose, Hershey earnings dropped about 30% and chopped ROE to about 9%. So the drive since has been to diversify into other food areas, like Friendly Ice Cream restaurants and pasta products under the San Giorgio, Delmonico, P&R and Skinner labels.

Kellogg, too, has been branching out of the increasingly competitive slow-growth cereal market. Now nearly 25% of its sales are noncereal. Over the past decade or so it has put cornflake capital behind Mrs. Smith's frozen pies, Le Shake and Whitney's yogurts and Salada brand teas and foods. It hasn't been easy to come up with food products that are as lucrative as Corn Flakes, Rice Krispies or Sugar Frosted Flakes, although so far Kellogg has been faring remarkably well. However, an increased new product push at present would be costly and could temporarily dampen earnings growth.

Branded foods

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
Esmark	1	25.1%	18.5%	0.6	6	14.8%	12.3%	3.5%	24	–5.5%	2	21.8%
ConAgra	2	23.9	19.8	0.7	2	16.6	15.5	2.1	1	20.3	1	28.7
Dean Foods	3	23.0	22.3	0.4	1	16.8	17.5	2.5	6	16.1	3	21.2
General Mills	4	19.4	20.8	0.4	4	15.0	16.1	4.6	10	12.5	7	14.0
H J Heinz	5	19.1	20.6	0.3	5	14.9	16.3	5.9	9	12.8	4	16.8
CPC International	6	18.9	16.1	0.2	3	15.2	13.1	5.3	16	7.5	10	11.2
Nabisco Brands	7	18.9	18.5	0.3	7	13.7	13.5	5.6	17	7.5	9	12.7
Curtice-Burns	8	18.2	19.2	2.4	19	8.8	8.0	1.6	3	18.3	11	10.4
Consolidated Foods	9	17.5	18.6	0.3	11	12.5	13.0	2.6	7	15.2	5	14.9
Pillsbury	10	17.2	16.0	0.6	14	11.4	11.2	3.9	4	18.3	8	13.0

Note: Explanation of Yardsticks calculations on page 38.

Back over in the diversified category, national brands like a Campbell soup, a bottle of Heinz ketchup or a Kraft Velveeta cheese loaf have a reputation for quality, compared to similar products, that protects them against price competition even in a downturn. "Through the recession, higher-end and quality branded products held up much better than commodity-type items," says James Dutt, chairman of Chicago's Beatrice Foods, who is leading a new marketing push after some major housecleaning. Beatrice's 2-point gain in return on equity in the latest 12 months puts it neck-and-neck with the Campbell Soup Co.

Esmark, the $3.3 billion conglomerate, 43% of whose sales come from such foods as Butterball turkeys, Sizzlean breakfast strips and Peter Pan peanut butter, finds itself at the top of our ranking for slightly artificial reasons. In 1980 Esmark sold its entire energy segment, consisting primarily of Vickers Petroleum and Vickers Energy, for a nonrecurring gain of $562 million.

If that extraordinary item were taken out of the results, Esmark's five-year average ROE would be more like 14.5%, ranking it below the median in the number 16 spot.

Such an adjustment would put ConAgra rightfully in the top spot with Dean Foods. Both are the industry standouts by a considerable margin, in part because they have plenty of strong regional brands and some newer national brands. ConAgra has gone for market share through acquisition, becoming an industry leader in flour milling, poultry processing, retail frozen foods with Banquet Foods, shrimp processing and the growing catfish aquaculture market. ConAgra, however, now has quite a mouthful with its latest acquisition, for which it paid $166 million, of Armour Foods' beef and pork processing facilities from Greyhound.

Dean Foods has been equally acquisitive in the dairy area, always paying close attention to such things as dropping customers who don't pay a decent price or who pay bills late, dropping unprofitable product lines like its herring business, trimming labor and pushing higher-profit items like yogurt, where margins run to 5%, vs. just 2% on milk. Annual per capita U.S. yogurt consumption has tripled since 1970 to 2.7 pounds in 1982.

Dean CEO Kenneth J. Douglas has also been lobbying Washington to reduce price supports resulting from government purchases of powdered milk, cheese and butter at prices that

Branded foods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
General Foods	11	16.5%	15.8%	0.4	8	13.2%	11.6%	3.5%	13	10.0%	12	9.1%
Universal Foods	12	16.3	19.6	0.5	10	12.6	13.9	3.9	2	18.4	17	6.5
Campbell Soup	13	15.0	15.3	0.2	9	12.9	12.6	5.0	12	10.6	16	7.7
Dart & Kraft	14	14.9	15.6	0.2	12	12.4	13.0	4.5	15	7.9	14	7.8
Ralston Purina	15	14.8	23.8	0.4	15	10.9	16.9	5.3	19	7.0	18	5.7
Intl Multifoods	16	14.7	15.2	0.4	16	10.9	11.3	3.1	21	5.2	15	7.7
Beatrice Foods	17	13.1	15.3	0.4	17	10.6	11.8	3.5	14	9.8	19	3.3
Borden	18	12.8	13.3	0.3	18	9.5	9.9	4.3	22	4.6	13	8.3
Federal Co	19	12.8	12.8	0.2	13	11.5	11.6	2.2	8	13.5	21	2.3
IC Industries	20	8.3	4.6	0.8	21	5.5	4.2	1.6	5	16.5	20	3.1
Di Giorgio	21	8.0	5.4	1.0	20	6.2	4.8	0.7	20	5.9	6	14.3
Castle & Cooke	22	5.5	2.8	0.4	22	5.4	3.9	1.1	11	12.4	22	–12.8
Kane-Miller	23	2.3	def	0.7	23	3.3	def	def	23	–3.5	23	–21.9
United Brands	24	def	def	0.7	24	def	def	def	18	7.3	24	P–D
Medians		15.7	15.9	0.4		12.0	12.1	3.5		10.3		8.7
Specialized												
Kellogg	1	27.7%	27.6%	0.0	1	23.6%	25.2%	10.4%	7	10.1%	5	11.5%
Hershey Foods	2	19.5	17.6	0.3	3	14.6	12.9	5.6	1	18.3	2	13.7
Flowers Industries	3	19.0	18.9	0.4	6	12.9	13.3	3.7	2	15.3	3	12.9
Carnation	4	18.0	17.6	0.1	2	15.0	15.1	5.7	9	7.9	6	11.3
McCormick	5	15.7	16.1	0.4	7	12.6	13.3	4.1	3	15.3	7	11.0
Gerber Products	6	15.6	15.8	0.3	5	14.0	13.2	6.0	6	10.6	8	8.8
Quaker Oats	7	15.5	9.5	0.2	8	11.3	7.4	2.3	5	11.2	4	12.2
Wm Wrigley Jr	8	15.0	16.0	0.0	4	14.5	15.5	6.8	8	9.2	9	4.5
Amstar	9	12.8	7.8	0.1	9	9.7	6.5	2.4	12	3.9	10	3.1
Berkshire Hathaway	10	9.4	7.7	0.2	10	9.4	8.0	11.9	4	13.2	1	25.0
Amer Maize-Products	11	8.3	3.2	0.5	11	6.8	3.8	1.1	10	7.7	11	–2.6
Interstate Bakeries	12	def	def	1.7	12	1.1	def	def	11	6.1‡	12	P–D
American Bakeries	13	def	def	0.7	13	def	def	def	13	3.1	12	P–D
Medians		15.5	15.8	0.3		12.6	12.9	4.1		10.1		11.0
Industry medians		15.5	15.8	0.4		12.4	12.3	3.5		10.1		9.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit.

Tennessee Works.

Two centuries ago Tennesseans worked hard to carve a life out of some pretty tough wilderness. We've been working hard ever since, thanks to a frontier work ethic that's alive and well and still setting productivity records. And still making inroads, with programs like the state-funded Industrial Training Service which trains Tennesseans for specialized industry needs. Why does Tennessee invest that kind of time and money in attracting and keeping new business? Because when you get down to brass tacks, we're still a hard-working people looking for new frontiers that just need a little hard work to conquer. For more information, call or write Mike DuBois, Tennessee Department of Economic and Community Development, Andrew Jackson Bldg., Box 718, Nashville, TN 37219. 1-800-251-8594.

Tennessee

We get down to Brass Tacks.

have almost doubled since 1974. Per capita consumption of milk in the U.S. has declined 12% since 1970, and Douglas blames excessively high prices, along with increased competition in the beverage market.

The Reagan Administration has been holding the line on supports, but Congress late in 1983 refused to cut support prices and thereby eliminate a growing surplus of powdered milk, butter and cheese. Instead, in addition to buying surplus milk, the government will for the first time pay dairy farmers not to produce.

In general, however, there won't be much inflationary pressure from branded foods. Says Art Schulze, executive vice president for General Mills' grocery division: "You won't see serious food inflation. Increases should be somewhere in the area of 3% to 6%."

One exception could be grain-based products like cereal and bread because of tight corn supplies and a likely extension of the payment-in-kind program *(see p. 206)* for wheat. For that reason big grain users like Kellogg, Quaker Oats, Flowers Industries, American Bakeries and Interstate Bakeries could come under some cost pressures.

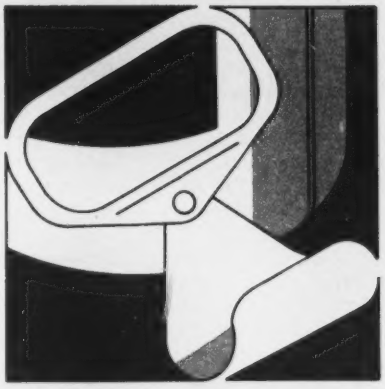
But premium, quality and convenience foods should benefit from an expected rise in discretionary income. So at Kellogg, grain pressures will likely be offset by frozen dessert gains. Frozen food areas like ConAgra's Banquet and Armour Dinner Classics entrees, Campbell's Swanson and Mrs. Paul's divisions, General Foods' Birds Eye, and General Mills' Gorton's seafoods should do well. Premium products like Kellogg's Whitney's yogurt, Beatrice Foods' Tropicana orange juice and General Foods' recently acquired Entenmann's baked goods should also benefit from the recovery.

Orange juice and yogurt seem to be two especially hot areas with plenty of potential for growth. "Orange juice was always a growth area," says Beatrice's Dutt, "but Procter & Gamble's [Citrus Hill] entry signals that it was an undermarketed area." As for yogurt, producers see evidence of growth potential based on consumption patterns in other countries. While U.S. consumers eat only 2.7 pounds a year, per capita, of the stuff, "European per capita consumption is 10 to 20 times that," says General Mills' Schulze. "I think demand should grow." ■

Branded goods on their hard-won shelf space

"The higher-end brands held up much better than commodity-type items."

The top two slots in both the beer and soft drink industries have been a given for years. The action is in the battle for number three.



Beverages

By Laura R. Walbert

BACK IN 1981 FORBES asked Russell Cleary, chairman of acquisition-minded G. Heileman Brewing Co., if he thought Heileman, then number six in industry sales, would ever overtake Anheuser-Busch and Miller. "I don't think that's our objective," Cleary replied quickly. "I would rather be number three in sales with the highest return on equity and best earnings growth in the industry."

Well said. Cleary is closing in on his sales target, helped by the acquisition last March of six Pabst/Olympia brands that already account for 15% of Heileman's shipments. Last year Heileman's $1.1 billion in sales made it the nation's fourth-largest brewer. More important, the company also held its top spot on the Forbes Profitability Yardsticks for the fifth year in a row, with a five-year average return on equity of 31.7%, dipping only slightly to 28.7% in the latest 12 months.

Heileman's strategy to date has been not unlike Yardsticks-topping food companies Dean and ConAgra *(see p. 208)*, which have concentrated on strong regional brands. But now Heileman is planning to expand some of its regional brands into the South, using the new Pabst/Olympia plants in Texas and Georgia. Whether Heileman, which is leveraged relatively highly, can do that without cost to its profitability ranking will be the acid test for Russ Cleary.

Nationwide beer consumption is as flat as yesterday's Bud, partly because of the recession but, more important, because the population has grown older and more health-conscious. Despite a hot summer, beer consumption grew only about 1% last year, compared with the usual prerecession 3% or 4%.

It is the same story elsewhere in the beverage industry. Wine consumption, which had been growing at an annual rate of 6% since the mid-1970s, has slowed to about 3%, with domestic wines suffering particularly large losses as the consumer drank imported wines made cheap by the strong dollar. Consumption of distilled liquor has been declining steadily every year for nearly a decade on a per-adult basis.

Even soft drink consumption has leveled off. It had been growing at a 6% to 7% average annual rate through the 1970s, but has dropped to 4%, as the number of teenage consumers has dropped.

Meister Bräu beer from Miller Brewing ***Forced to resurrect the cheap brew.***

For the industry leaders, of course, this is, next to drug smuggling, still one of the most profitable lines of work in the U.S. But it ain't what it used to be. The beverage producers' performance in return on equity was well below 1982's 18% and 1981's 18.9% median results.

So it's now a zero-sum game, like a poker game, where every winner creates a loser. Making matters worse is the domination of both the beer and soft drink markets by not one but two strong leaders. Anheuser-Busch and Miller Brewing together own 55% of the nation's beer sales, while Coke and Pepsi combined sell 64% of the soft drinks. That leaves the rest of the industry, as Heileman's Cleary testifies, battling for number three, and survival.

That battle has been particularly fierce for brewers. The recent rash of takeovers seems to have subsided for the moment as privately held Stroh secured the number-three spot with the twin acquisitions of F&M Schaefer and Jos. Schlitz Brewing, while Heileman moved into fourth position with the Pabst acquisition. That left Adolph Coors as number five and the new Pabst in the number-six slot.

But a new battle is about to be fought for control of the southeastern states, where a still expanding population and a warm climate have created one of the few growing markets for beer. Colorado-based Coors, stuck in an earnings slide since 1979, invaded the Southeast last year and enjoyed a 25% increase in sales for the first half of the year alone (FORBES, *Oct. 24, 1983*). That was enough to give it the only profitability uptick in the latest 12-month figures for the alcoholic beverages group. Now Heileman, brewer of Old Style, Blatz and Rainier, to name a few, is about to launch its own attack on the southern states, using its newly acquired breweries in San Antonio and Perry, Ga. Says Cleary, "We have very good market share in most of the midwestern and northwestern states—23% on average in our ten largest states. But we have a 2% market share in the Sunbelt states, so there's great potential for our brands in those markets."

Don't expect the top two brewers to take this sitting down. Philip Morris-owned Miller, brewer of Miller High Life, Löwenbräu and Lite, encountered weak sales of premium-priced Miller High Life. Meanwhile sales of

competing popular-priced beers rose as brewers increased distribution and some recession-stricken drinkers traded down from more expensive beers. Jerry Steinman, industry follower, estimates Stroh's Old Milwaukee was up 15%, its Schaefer was up 50% and Heileman's Carling Black Label up nearly 50%. Still without an entry in the popular-price segment even though it accounts for 21% of the beer market, Miller dusted off its old regional Meister Bräu brand, shelved since the mid-1970s. It was a less than impressive response from mighty marketer Philip Morris.

Competition was no less fierce last year in soft drinks, especially in the segment of the market inhabited by teenagers. Seven-Up, despite recent gains in market share, has yet to turn in an operating profit since Philip Morris bought it in 1978. Royal Crown has had its earnings-per-share growth stunted to a five-year average of 4.6% as the Big Two rushed to copy its highly successful decaffeinated and sugarless RC 100, and lowered the price umbrella elsewhere. That price competition was the coup de grace for struggling Dr Pepper, as the latest 12-month figures demonstrate. Although the shrewd 1982 acquisition of Canada Dry, which gave it needed distribution, was beginning to pay off, a sagging Texas economy and price wars caused Dr Pepper to throw in the towel and consider takeover offers from Forstmann Little and Hawaiian Castle & Cooke.

Meanwhile, the bottlers are having their own troubles. It continues to be true that for the bigger operations, like General Cinema, Allegheny Beverage and MEI, all of which rank in the top three slots in the industry Profitability Yardsticks, bottling is still a license to coin money. (General Cinema's phenomenal 12-month figures, let the record show, are mostly because of earnings from its R.J. Reynolds holdings and its sale of a Miami TV station.)

But smaller bottlers are suffering cost increases as new diet, no-caffeine and even no-salt products require a greater variety of packaging.

Aspartame, the newly approved low-calorie sweetener, is one bright spot for the beverage industry. Diet soft drink sales, which are already 20% of the soft drink business and growing at 10% to 12% a year, are expected to grow even faster, as aspartame eliminates that unpleasant aftertaste from diet soda.

Total beverage industry demand will also pick up as the recovery continues and strengthens. But the war will continue. "There's no question that some brands are going to fall by the wayside," says Brian Dyson, president of Coca-Cola U.S.A. "There's just not enough room on store shelves for all the different brands. But those companies that shrewdly execute their marketing strategy, sustain their products from plant to grocers' shelves, and support a strong distribution system will survive."

That may spell opportunity for the new Seagram brand mixers, created by the Coca-Cola Bottling Co. of New York. First test-marketed in late 1982, the mixers, including tonic water, club soda, seltzer and ginger ale, are already the number two brand of mixer in New York, says Jerome Will, head of the project for Coca-Cola of New York. And it will take Seagram mixers nationwide using not only the strong Coke distribution network, but bottlers of any noncompeting soft drink, including Pepsi, RC Cola, 7UP. But for mom and pop it looks like time to cash in the chips and sell out to the highest bidder. ■

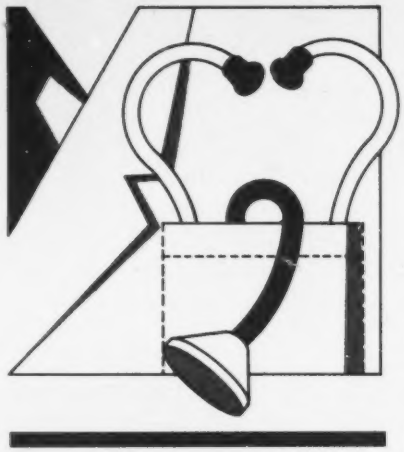
Beverages

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Alcoholic beverages												
G Heileman Brewing	1	31.7%	28.7%	0.8	1	21.9%	14.5%	5.1%	1	29.2%	1	29.4%
Brown-Forman Dist	2	22.9	21.6	0.1	2	17.8	18.5	10.3	3	15.0	2	25.6
Anheuser-Busch Cos	3	20.0	18.7	0.4	3	11.7	11.2	5.9	2	18.7	3	21.7
Seagram	4	13.5	8.7	0.3	4	10.0	7.3	9.6	6	4.1	4	21.6
National Distillers	5	9.8	4.4	0.2	6	8.1	4.5	2.3	5	6.3	6	–2.4
Adolph Coors	6	9.0	10.8	0.0	5	8.2	9.6	8.0	4	10.2	5	0.9
Pabst Brewing		**	**	**		**	**	**		**		**
Medians		16.8	14.8	0.3		10.9	10.4	7.0		12.6		21.7
Soft drinks												
General Cinema	1	29.2%	54.3%	1.6	4	15.8%	22.0%	10.1%	6	14.2%	2	24.6%
Allegheny Beverage	2	29.0	35.3	3.8	5	14.0	10.2	2.1	2	27.5	3	23.9
MEI	3	28.5	27.1	0.9	3	17.2	15.4	6.3	1	27.8	1	27.5
Coca-Cola	4	22.2	19.9	0.2	1	20.2	16.4	8.2	7	12.8	5	9.9
Dr Pepper	5	19.2	5.9	0.8	2	19.9	6.8	1.8	3	17.5	8	3.5
PepsiCo	6	18.3	14.7	0.5	6	13.2	10.4	3.2	4	17.3	6	8.7
Wometco Enterprises	7	15.7	14.3	0.8	7	10.6	8.9	5.6	5	16.0	4	10.9
Royal Crown Cos	8	14.3	14.1	0.5	8	10.6	10.7	3.4	8	8.6	7	4.6
Medians		20.7	17.3	0.8		14.9	10.6	4.5		16.7		10.4
Industry medians		19.6	16.7	0.5		13.6	10.6	5.8		15.5		16.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
**Not available; not ranked.

The end of cost-plus reimbursement is going to stand this booming industry on its ear—but not in quite the way you might expect.



Health care

By Anne Bagamery

PICTURE AN INDUSTRY that has grown to gargantuan size in two decades on cost-plus sales and the heavy leverage they allow. Now gradually take away cost-plus by act of Congress. What do you get? Moans, groans and screams of pain? No, cheering.

That's a thumbnail sketch of what's going on in the $300 billion health care industry these days. The four largest hospital management companies—Hospital Corp. of America, Humana, American Medical International and National Medical Enterprises—each boast over $1 billion in sales, better than 25% a year sales and earnings growth, above-average profitability and huge debt loads. Their spectacular track records were made possible by that remnant of the Great Society, liberal health insurance.

With health care costs now eating up 10.5% of the gross national product, Congress stepped in with new Social Security legislation that took effect in October and changed the Medicare-Medicaid reimbursement guidelines from a percentage of costs incurred to a fixed amount per procedure. That, of course, neatly shifts the onus for cost control to the hospitals.

Meanwhile, corporations and other group buyers of health insurance are instituting their own cost controls, in the form of preferred-provider contracts—group plans that authorize full payment for health care only to certain low-cost providers.

Are the for-profit hospitals ready for this? "Very few health care companies can tell you now what it costs to deliver specific services," says Richard Eamer, chairman of $2.1 billion (sales) National Medical Enterprises, the fourth-largest publicly owned hospital chain. "That will have to change."

So why aren't Eamer and his brethren at the other hospital-management giants screaming for relief? After all, everyone knows what havoc deregulation has wrought on the equally leveraged-to-the-hilt airlines. Why, instead, does Humana Chairman David Jones think 1984 will be "the most exciting year in our short history"?

The answer is simple: The big chains like Humana are convinced they are already the low-cost provider by a wide margin in the areas they serve because of efficient management of their greater economies of scale (FORBES, *Sept. 26, 1983*). Besides, to the extent that changes have to be made, the for-profit hospital chains feel they will have plenty of time to make them. Price deregulation is coming gradually. This year 25% of Medicare-Medicaid payments will be reimbursed on the new system by diagnosis-related groups (or DRGs), with 25% added each year until 1987.

Houston-area MediClinic
For hospitals, the biggest change since Lister.

What does the phasing out of cost-plus reimbursement imply for companies in hospital supply—the companies that make everything from CAT scanners to bandages, and sometimes take out the laundry? It implies that there will be severe price competition on traditional products where there are several suppliers, and sharply improved opportunities for newer products that can save time and money.

Short term at least, that's more bad news for the older subsidiaries of Johnson & Johnson, still hurting from the Tylenol tampering and the Zomax recall, although new pharmaceutical and high-tech medical devices should offset that in time. It's also more bad news for ailing Becton Dickinson, which fell sharply on the industry Profitability Yardsticks during the latest 12 months because of heavy writeoffs of failing high-tech new products.

On the other hand, it's bound to be good news for booming Baxter Travenol, which had the foresight to launch a hospital cost-identification consulting service that probably will push BT's extensive outpatient home-

care delivery system, which is often cheaper than in-hospital care. That, of course, was a natural outgrowth of BT's portable dialysis machines that are increasingly replacing its costly kidney dialysis equipment. It's a classic example of virtue rewarded: Because Baxter has done the research and made the necessary investments in its core businesses, it gets a rejuvenating approach to its market almost automatically.

Whether the end of fixed-cost reimbursement will be good for the lower-technology suppliers will largely depend on how efficient their distribution systems are. Yardsticks-topping ServiceMaster, the king of hospital maintenance, probably has little to worry about. But outfits like American Hospital Supply and Abbott Laboratories may well find increasing competition from the pharmaceutical companies, which have already started invading this territory *(see Drugs, p. 215)*. Certainly there will be plenty of opportunity ahead for the smaller hospital-management chains—the Universal Healths and Charter Medicals—that are trying to grow through acquisition of small, foundering community hospitals. That foundering is likely to pick up in volume, and with it the acquisition opportunities. With some 15% of the nation's 6,000 facilities owned by chains, there is no lack of candidates. "The challenge," predicts National Medical's Eamer, "is for the smaller chains to convince hospital boards that they have the money and experience to manage their acquisitions. As the chains grow, however, they should have little trouble."

If all this bottom-line analysis sounds bloodless, you are thinking like a doctor. The *New England Journal of Medicine*'s Dr. Arnold Relman, in an acerbic exchange with HCA Chairman Donald S. MacNaughton on the Public Broadcasting System's *MacNeil/Lehrer NewsHour*, maintained that doctors should not be hampered by bottom-line concerns while they are deciding how to manage patient health. MacNaughton's response: Patients are increasingly managing their own health. Besides, he said, the last thing the health care community needs is continued estrangement from the world of cost responsibility.

Many think Washington may put another cloud on the horizon: As the for-profits grow and, inevitably, put some of the not-for-profits out of business, protests are to be expected from politicians seeking to protect jobs in their home states.

"There will be a lot of bitching, but I think eventually everyone will learn to live with it," says National Medical's Eamer. "The question is, will Congress give us enough time to assimilate the changes?" Adds Humana's Jones, "It's better to serve two patients than one. If you have to close down an old hospital to accomplish that, so be it."

Another near-term concern is what the growth of preferred-provider organizations, or PPOs, will do to hospital occupancy rates. In general, a shift in the way health care is delivered penalizes acute-care hospitals. This happened in 1983 as freestanding surgery and general care centers (docs-in-the-box) took root. PPOs, which by definition look for the lowest-cost means of delivering health care, can be counted on to steer subscribers away from high-overhead facilities and into new-fangled providers like the Surgicares and MediClinics. But heads of hospital management firms aren't losing much sleep over it. "Occupancy rates generally rise late in a recovery," says AMI's Chairman Royce Diener. "Whatever slip occurs will be more than made up for."

Say this for the heads of the big hospital chains: They are looking at 1984 with high spirits. Says National Medical's Eamer: "This is just another form of retail selling—controlling costs to deliver the most effective product at a reasonable price." Talk like that may not thrill the medical community, but it has the sound of good business. ■

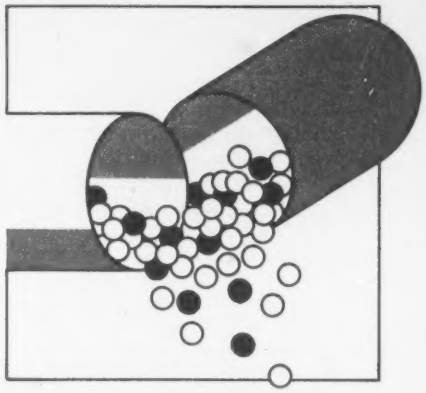
Health care

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
ServiceMaster Inds	1	39.7%	44.2%	0.0	1	40.0%	43.3%	3.7%	6	22.2%	7	24.8%
Humana	2	32.6	34.2	1.6	10	12.4	14.7	9.1	4	33.9	2	47.1
Shaklee	3	25.7	28.0	0.1	2	19.8	23.2	6.5	7	20.2	10	15.5
Abbott Laboratories	4	24.2	25.1	0.1	3	19.6	20.5	11.6	9	16.0	8	19.7
Natl Medical Entrprs	5	20.7	18.0	1.2	9	12.4	10.4	5.4	1	48.9	4	30.5
Amer Medical Intl	6	20.5	22.4	1.0	11	12.2	12.9	7.6	5	28.4	5	28.6
Beverly Enterprises	7	19.9	12.3	2.2	12	11.3	7.1	3.1	2	43.5	1	74.6
Johnson & Johnson	8	19.9	17.9	0.1	4	19.0	16.8	8.6	11	14.8	12	14.0
Whittaker	9	19.6	9.7	0.5	5	18.4	14.5	2.0	12	14.6	3	31.4
Hospital Corp of Am	10	19.2	16.8	1.1	13	11.0	10.5	7.2	3	34.7	6	26.1
Baxter Travenol Labs	11	18.5	20.1	0.2	6	15.0	17.4	11.8	8	16.2	9	18.9
Amer Hospital Supply	12	17.1	18.2	0.1	7	15.0	16.3	6.8	10	15.1	11	15.4
Bausch & Lomb	13	15.9	14.3	0.3	8	13.3	11.2	7.0	14	8.0	13	9.6
Becton, Dickinson	14	12.7	6.2	0.4	14	10.7	5.2	3.2	13	13.8	14	6.4
Sybron	15	3.5	def	0.5	15	4.4	def	def	15	3.7	15	–19.0
Industry medians		**19.9**	**18.0**	**0.4**		**13.3**	**14.5**	**6.8**		**16.2**		**19.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38
def: deficit.

Remember the 1970s, when pharmaceutical firms bought foodmakers and called themselves "consumer products companies"? Now health care is the order of the day, and medical instruments the acquisition of choice.



Drugs

By Anne Bagamery

VARIATIONS on a theme:

John Culligan, chairman of American Home Products Corp.: "Our acquisitions policy is geared toward anything in health care."

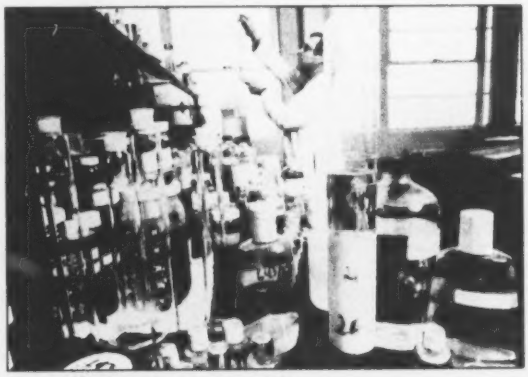
Richard Furlaud, chairman of Squibb Corp.: "We can better serve the changing health care industry as a diversified supplier of health aids, from drugs to equipment."

Joe Williams, president of Warner-Lambert Co.: "Face it, the financial community rewards you better if you're a health care company."

In the late 1960s and during the 1970s, the watchwords were consumer products. Pharmaceutical companies, anxious to cushion their earnings from the Food & Drug Administration's stiffer testing requirements, fell over themselves to acquire bakeries (Warner-Lambert bought Entenmann's), candy companies (Squibb bought Lifesavers), eyeglass manufacturers (Warner-Lambert bought American Optical). Now it's health care, and one glance at the industry medians on page 251 tells the story. Not only is health care a closely related business using some of the same distribution channels, but it is also one of the few businesses that's nearly as profitable as ethical drugs. So recently the big drugmakers have been stripping off their old consumer products acquisitions and pouring the money into medical supply firms. As an example of this strategy, Warner-Lambert took the proceeds from the sale of Entenmann's and bought IMED Corp., a medical technology firm, in 1982.

How shrewd this turns out to be remains to be seen. While acute (that is, hospital-delivered) health care is growing better than 10% a year and currently consumes more than 4.5% of GNP, government-mandated Medicare reimbursement controls seem sure to make some areas of the medical supply business quite a bit more price-competitive and, hence, less profitable.

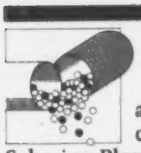
Meanwhile, the drug business has been doing quite nicely. Unit sales of prescription drugs were up about 4% in 1983. That's the biggest increase in the last several years. What triggered the past year's boomlet in drug sales? Some say it was produced by the graying of America—older patients take more medicine. Others say it was the substantial increase in the number of general practitioners, who tend to prescribe much more medicine than specialists. Neither trend shows any sign of abating.



Drug research at Johns Hopkins
With an aging population, a booming market.

So why, if it was such a good year, did a company like the Upjohn Co. turn in such a poor performance relative to its five-year profitability averages on the Forbes Yardsticks? Bad times for its commodity chemical business. As for Schering-Plough Corp., pharmaceutical profits haven't been the same since Garamycin went off patent in 1980, but a new cardiovascular drug, still awaiting final FDA approval, is due to hit the market in late 1984. Further on, the introduction of the potentially lucrative interferon may also promise earnings pickup. Then there was Richardson-Vicks Inc., hurt by the strong dollar, with two-thirds of its earnings coming from overseas. In 1983, in a bid to boost long-term profitability, R-V acquired Pantene Co. and Vidal Sassoon, Inc. in the personal care field. But earnings recovery in fiscal 1984 may be partially postponed because of heavy promotional expenses for new products.

To counter the kind of profit nosedive that Schering went through when Garamycin went off patent and the price wars began, pharmaceutical companies are trying to establish a foothold in the over-the-counter market before a drug goes off patent and gets eaten alive by the generics. Take Upjohn's highly profitable (about a third of earnings) antiarthritic Motrin, for example. Motrin goes off patent in 1985, and Upjohn and American Home Products have been seeking FDA approval to "reclassify" it and market the drug over-the-counter. Unfortunately, the reclassification process is slow, meaning that Upjohn and AHP may have only a short time before Motrin becomes fair game for the generic drugmakers (who have to prove that their product is equivalent in order to receive approval to market it). But when approval comes, as many think it will in 1984, it still could mean millions of dollars in retail sales



in the larger, over-the-counter market. Reclassification could also prove profitable for companies like Squibb, Schering-Plough and A.H. Robins Co., which have many approvals pending.

Meanwhile, drug company research spending is on the rise. Such spending reached $2.5 billion, 7% of industry sales, in 1983. Most of this research is targeted for the treatment of chronic ailments—cancer, heart disease, arthritis. There is a basic, bottom-line concern at work here. Since patients take chronic disease drugs for long periods of time, such drugs are more profitable to produce.

Also, while it may seem cynical to say, it is nonetheless a fact that chronic disease pharmaceuticals may get a company noticed in the stock market. The $200 million Bristol-Myers Co. derives in sales from anticancer drugs gets a lot more attention than its 5% share of Bristol's nearly $4 billion sales would seem to warrant. Bristol-Myers commands a price/earnings multiple of 15, near the top of the industry, in part on the strength of this project. Likewise Warner-Lambert is touting its research into drugs that may treat genital herpes and Alzheimer's disease. Such clever marketing may help boost Warner-Lambert's current P/E of 12.

But with their generally low debt load and enviable cash flows, most pharmaceutical companies can easily afford a dalliance in the medical supply field at the same time. The risks here may be greater than they think, however.

Certainly, changes in Medicare reimbursement guidelines are bound to force hospitals, and hence doctors, to seek more efficient ways to deliver health care. It is by no means clear at this stage who will be helped and who hurt. Probably there will be fewer inpatient surgical procedures and increasing reliance on outpatient treatment and medication—the area the pharmaceutical companies emphasize in their prescription-drug research.

Certainly, changes in reimbursement guidelines will force hospitals to seek efficiency. But whether this will benefit low-tech medical suppliers is quite another question.

But whether the low-technology kinds of medical supplies made by a company like American Home Products will benefit as hospital management companies adjust to their new cost-consciousness is quite another question.

Naturally, pharmaceutical executives see the situation a little differently at the moment: "Because of uncertainty over the funding changes, hospitals will be reluctant to buy large items, such as ultrasound equipment," says Furlaud of Squibb, which gets 20% of its $1.6 billion sales from medical equipment. "But they will always need laboratory instruments and intravenous bags. That's where we come in."

But will the hospitals really care who makes those intravenous bags in the future, as long as they are cheaper? Does it have to be a Johnson & Johnson suture? Maybe they will discover that U.S. Surgical's surgical stapler is far cheaper, as well as more effective.

Warner-Lambert is no slouch, but look at the problems they have had with IMED. The medical equipment division has had problems bringing new products out on time and is plagued by management squabbles. These problems didn't surface until a year after Warner paid $468 million for the company.

At the moment, however, drug executives are flush with success, and concerned more about whether the dollar will weaken in 1984, thereby triggering a recovery in the industry's big overseas sales. The future looks bright indeed. Says Bill Miller, head of Bristol-Myers' prescription drug business: "We think the industry has one of its best years ahead." ■

Drugs

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
SmithKline Beckman	1	35.1%	26.4%	0.1	2	31.2%	23.3%	15.3%	1	24.9%	1	27.7%
American Home Products	2	33.9	34.7	0.0	1	33.4	32.4	12.7	9	10.6	4	12.5
Merck	3	22.8	20.2	0.1	5	19.2	15.8	14.0	5	11.8	10	10.0
Bristol-Myers	4	22.6	22.9	0.1	3	21.0	21.5	10.2	8	10.9	3	13.4
Eli Lilly	5	22.0	21.7	0.0	4	20.6	19.4	14.7	3	13.9	6	11.0
G D Searle	6	20.8	22.8	0.3	7	16.0	18.7	16.0	13	5.9	2	17.3
Upjohn	7	19.1	15.5	0.4	12	14.0	11.3	7.8	6	11.6	5	12.1
Schering-Plough	8	17.9	14.4	0.2	6	16.5	12.0	10.7	2	14.4	12	5.4
Pfizer	9	17.8	20.2	0.3	11	14.2	16.7	11.6	7	11.2	8	10.2
Sterling Drug	10	16.3	15.4	0.1	9	14.4	13.3	7.1	11	9.7	11	7.8
A H Robins	11	15.6	17.8	0.1	10	14.3	16.6	10.5	10	10.4	8	10.2
Richardson-Vicks	12	14.9††	10.5	0.4	8	14.5††	9.2	4.5	4	12.6‡	7	10.7‡
Squibb	13	13.6	15.0	0.3	13	10.8	12.2	9.5	14	5.4	13	3.4
Warner-Lambert	14	11.4	16.9	0.6	14	8.0	10.2	6.3	12	6.7	14	–4.6
Industry medians		**18.5**	**19.0**	**0.2**		**15.3**	**16.2**	**10.6**		**11.1**		**10.5**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four-year growth.

The apparel industry spent the recession developing marketing strategies and cleaning house. The harvest began in 1983, and 1984 should be even better.

Apparel

By Laura R. Walbert

THERE HAS BEEN a transition within the apparel business," says Larry Pugh, chairman and chief executive of V.F. Corp. "Apparel makers are recognizing that they need a marketing approach, not just a manufacturing approach to merchandise."

Advice from the folks at V.F. is worth heeding. The $1.1 billion (sales) company, maker of Lee jeans and Vanity Fair lingerie products, steals the show on the Forbes Profitability Yardsticks for the latest 12 months with an impressive 37.5% return on equity and a 32.3% return on capital. That leaves giant Levi Strauss & Co., with sales of $2.8 billion the world's largest apparel maker and longtime industry profit leader, in the dust with its far lower 19.2% return for the same period.

The disparity is mainly attributable to different marketing strategies. With the jeans market flat at around $5 billion annually, Levi's tried to spur sales by mass marketing its jeans products through Sears and J.C. Penney. That strategy backfired, however, because it antagonized many of Levi's department and specialty store retailers. Some reduced or even dropped their Levi's line. A slump in Levi's international business only made matters worse.

Executives at V.F., in contrast, sought to prolong the life of the great denim bubble through the introduction of new products. V.F. was one of the first producers to come out with stretch jeans. In 1982 it introduced the more styled fashion jeans for women and brought out the Lee Dress Blues, which Pugh describes as "jeans with a dress-up look." As a result, V.F.'s share of the U.S. jeans market has risen from 2.5% to nearly 11% since 1980.

V.F.'s new product push extended to its Vanity Fair lingerie line as well. The La Femme de Vanity Fair collection of fashionable sleepwear products for the 25-to-35-year-old woman was added in 1983. "The young women's sleepwear market is a big one, and a market where we have been weak," says Pugh. "What we have tried to do over the past year and a half is improve our marketing expertise so

Apparel

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Clothing												
VF	1	27.9%	37.5%	0.1	1	23.8%	32.3%	11.0%	4	12.0%	2	24.8%
Levi Strauss	2	24.0	19.2	0.2	2	21.3	17.4	7.0	2	15.5	5	14.8
Warnaco	3	18.9	18.2	0.3	3	14.1	15.6	5.5	12	5.2		D–P
Palm Beach	4	18.6	13.7	0.6	4	13.8	10.8	2.6	1	21.5	7	8.7
Oxford Industries	5	15.7	25.4	0.2	5	13.3	21.5	4.7	5	10.9	3	16.8
Blue Bell	6	14.4	11.1	0.2	6	12.8	9.7	3.9	3	12.4	9	3.0
Interco	7	12.2	9.2	0.3	7	11.0	8.5	3.6	6	9.8	8	4.1
Hartmarx	8	12.0	13.7	0.4	8	10.4	11.2	3.6	7	7.8	4	15.6
Cluett, Peabody	9	10.2	[illegible]	0.4	9	8.6	9.3	3.0	8	7.0	6	14.6
Phillips-Van Heusen	10	8.8	[illegible]	0.4	10	7.6	10.2	2.7	9	6.3	1	30.0
Kellwood	11	6.6	[illegible]4	0.7	11	6.9	13.0	2.4	11	5.6	11	–7.4
Manhattan Industries	12	6.4	12.9	0.7	12	5.9	8.9	1.9	10	5.9	10	–1.6
Jonathan Logan	13	def	13.3	0.2	13	0.9	11.8	4.6	13	2.3	12	P–D
Medians		**12.2**	**13.7**	**0.3**		**11.0**	**11.2**	**3.6**		**7.8**		**11.7**

Note: Explanation of Yardsticks calculations on page 58.
P–D: profit to deficit. D–P: deficit to profit, not ranked. def: deficit.

it is as good as both our financial and manufacturing abilities."

That's just what every manufacturer ought to be doing, says a spokesman for New York-based consumer goods consultants Kurt Salmon Associates. "Companies like Warnaco, V.F., Oxford Industries and Kellwood were among the top performers in 1983 because they know where they are going long term, they've learned to live with the import situation and they think of themselves as marketers first," he says. To put it another way, the age of designer labels and brand names, off-price retailing and foreign imports (now 30% of retail sales) has made it essential for the manufacturer to become more sensitive to the retail end of the business.

For those that were, 1983 turned out better than most apparel makers had anticipated, as consumers opened up their pocketbooks and freshened up their wardrobes. During the second quarter, when real GNP grew 9.2%, clothing sales leaped an inflation-adjusted 18.7%, according to figures from Value Line. Rag trade executives are looking for another 10% growth in apparel sales in 1984.

Hartmarx' Austin Reed suits for women
A brand you can take anywhere?

Building a brand name is the classic way to upgrade your marketing effort in the apparel industry. That's what Oxford Industries, a newcomer to FORBES' list, has been doing. Less than a decade ago the $517 million (sales) Atlanta-based company was little more than a small producer of "commodity" apparel, selling mainly to J.C. Penney and Sears. But using brand names like Polo, by Ralph Lauren, for boyswear and Merona Sport for sportswear enabled Oxford to raise both prices and margins significantly. In 1983 Oxford's 25.4% return on equity and 21.5% return on capital was topped only by V.F. and Nike, the still-booming athletic-shoe maker (whose 30% return on capital, vs. a five-year average return of 65.6%, shows the first hints of strain in that crowded market).

And a round of applause for Jonathan Logan, a maker of women's apparel whose recently achieved 4.6% net profit margin is well above the industry median. Back from red ink on its five-year average, the company closed its money-draining knitting mill and cut some unpopular lines during the last few years—just the kind of slimming down so much of the rest of American industry has

Apparel

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Textiles												
West Point-Pepperell	1	12.3%	13.3%	0.3	2	9.9%	10.8%	4.3%	1	10.5%	3	9.1%
Collins & Aikman	2	11.3	16.5	0.3	3	8.9	12.3	4.3	2	7.6	4	5.7
Cone Mills	3	10.9	4.8	0.1	1	10.0	4.8	2.4	9	4.0	6	2.1
Riegel Textile	4	10.3	5.4	0.3	6	7.8	4.6	1.9	3	7.4	7	1.6
Fieldcrest Mills	5	10.3	9.3	0.4	4	8.3	7.8	2.9	4	7.3	5	3.5
Springs Industries	6	9.1	8.0	0.1	5	8.0	7.3	3.7	5	7.0	2	17.1
Burlington Inds	7	7.5	7.7	0.4	7	6.1	6.3	3.0	7	5.3	8	0.2
M Lowenstein	8	6.6	10.5	0.4	8	6.1	8.3	3.2	11	1.8	1	72.9
Avondale Mills	9	5.6	12.2	0.1	9	5.3	10.5	3.5	8	5.1	9	–1.2
J P Stevens	10	3.4	2.9	0.6	10	3.9	3.6	0.8	6	6.2	10	–14.1
Graniteville	11	def	def	0.5	11	1.0	def	def	10	2.8	11	P–D
United Merch & Mfrs	12	def	def	0.7	12	def	1.4	def	12	–7.1	12	D–D
Medians		**8.3**	**7.9**	**0.4**		**7.0**	**6.8**	**3.0**		**5.8**		**1.9**
Shoes												
NIKE	1	77.6%	30.3%	0.1	1	65.6%	30.0%	6.7%	1	71.9%‡	1	71.6%‡
SCOA Industries	2	27.5	20.7	0.9	3	17.2	13.3	3.0	4	11.7	2	23.3
Melville	3	25.3	21.6	0.2	2	23.9	21.2	4.2	2	18.0	5	16.3
United States Shoe	4	20.5	19.9	0.2	4	16.7	17.3	5.0	3	12.1	4	17.4
Brown Group	5	17.5	17.5	0.2	5	14.4	15.1	4.4	5	9.4	3	19.1
Genesco	6	3.9	def	1.6	6	4.7	3.7	0.2	6	–7.2		D–P
Medians		**22.9**	**20.3**	**0.2**		**17.0**	**16.2**	**4.3**		**11.9**		**19.1**
Industry medians		**10.9**	**12.9**	**0.3**		**8.9**	**10.5**	**3.5**		**7.3**		**8.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 58.
‡Four-year growth. P–D: profit to deficit. D–D: deficit to deficit. D–P: deficit to profit, not ranked. def: deficit

needed. Now with 95% of its sales in women's branded apparel, such as Villager sportswear and Misty Harbor rainwear, Logan is in a position to enjoy the resurgence of brand names and America's renewed interest in denim-free dress. Dress sales for 1983 were up 25%, says Logan Chairman and Chief Executive Richard Schwartz. Especially popular were soft looks, such as sweater dresses and untailored blazers.

Like Oxford, Logan has been moving increasingly into branded goods as well as adding new product lines. Logan's "signature line," Etienne Aigner, originally was just a collection of leather goods. Today the Aigner line contributes 30% of company sales and an estimated 35% to 40% of operating profits. "In the last ten years, though, we've added items every season," says Schwartz. "We started adding raincoats in 1973-74. Knitwear was added four years ago. This past year we added button-down oxford shirts. It's been constant."

Chicago-based Hartmarx, the nation's largest manufacturer of quality men's suits, is also benefiting from the trend to more conservative dress. Male baby-boomers are now entering the suit years: The number of men in the 35-to-54-year-old bracket will grow 28% during this decade, compared with only 4% in the 1970s, according to Hartmarx Chairman and Chief Executive Jerry Gore.

Again, brand names are important. Capitalizing on the successful Austin Reed of Regent Street men's collection, which has grown to sales of $40 million in seven years, Gore expanded the Austin Reed name to women's suits in 1982. And Hartmarx' longstanding practice of selling to one retailer in each community has protected Hartmarx' brand names, such as Hickey-Freeman and Hart Schaffner & Marx, from the ravenous off-price retailers who would ruin the line's ability to command full price.

To reach the growing market for inexpensive suits (80% of all suits sold are priced at $200 or less), Hartmarx bought Kuppenheimer, a manufacturer and retailer of low-priced (under $150) suits in December 1982. Close to 50 stores were added to the chain in 1983, and at least that many will be added in 1984, says Gore.

Of course, a successful apparel maker also has to learn how to deal with imports. And brand names are good weapons in that battle as well, reports Gore. "Imports are for the most part not branded, and they do not compete effectively with brand names," he says.

There is more than a little bravado in that statement, of course. After all, imports do control a third of the U.S. market. And like the automakers, who are in a similar fix, many apparel makers are doing better by joining the enemy. "Oxford and Kellwood [a longtime Sears supplier of apparel and home furnishings] used to be the strongest bastions of 'Made in America or else,'" says Kurt Salmon's spokesman. "Well, Kellwood now owns Hong Kong-based Smart Shirts Ltd., and Oxford has some of their goods made in China, and they are both moving ahead beautifully."

Oak Hill Sportswear uses the same strategy. An $85 million (sales) apparel maker, Oak Hill turned up in the number two slot on FORBES' recent list of Up & Comer companies *(Nov. 7, 1983)* with a five-year average return on equity of 141.5%.

Currently more than 10%, and soon one-quarter, of the company's sales will come from marketing sweaters that are made in the Orient. "You can never be competitive with imports; the labor costs don't allow it," says Oak Hill President Joseph DeClemente. "But we have been able to watch the import market and be into items that either they don't make or that we can supply when they get backed up in their deliveries."

This doesn't mean the apparel industry has given up on competitive pricing. Companies like Warnaco, Palm Beach and Cluett, Peabody spent the last two years cutting costs by reducing inventories, dropping weak product lines and trimming overhead. The results are in the net profit margins. For Warnaco, the producer of such lines as White Stag, Hathaway and Puritan, the net profit margin improved to 5.5%, from 4.7% in 1982. Shirtmaker Cluett, Peabody saw its margin rise from 2.5% to 3.0%, and for Palm Beach, a maker of high-quality men's and women's apparel, margins rose to 2.6%, from 1.5%. In this industry those are impressive gains.

As for 1984, if the apparel companies are not careful, they might just have a great year. If that doesn't happen, they may have no one to blame but themselves. ■

No sagging sales here

By industry standards the $3.5 billion women's hosiery market has been experiencing runaway growth for the last year or two. Reason: the popularity of colored and textured panty hose.

The 1.3 billion pairs of hose that were shipped in 1982 represented a 7% increase over the 1981 shipment, says Sid Smith, president of the National Association of Hosiery Manufacturers. And over at Hanes Hosiery, a division of Consolidated Foods Corp., President Wade Harn reports delightedly, "Hosiery volume was up 8% in units between August and October [of 1983]. A normal increase would have been more like 2%."

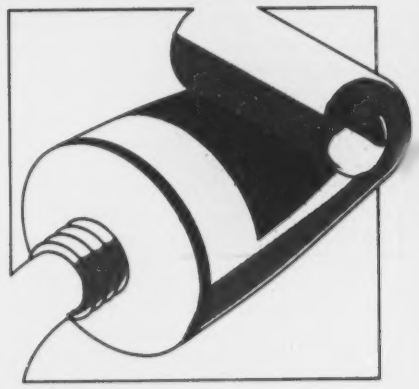
Colored panty hose
A recession success.

What has brought colored hose into the limelight? Smith has a theory: "We had a downturn in the economy and a more stringent attitude toward consumer spending at a time when people were thinking emotionally about dressing up. Consumers found they could dress up their outfits and change their total ensemble look by changing their hosiery. The new colors, patterns and styles that the hosiery manufacturers came up with played right into that trend."

Hanes responded by expanding the colors in its existing lines, introducing the new Coloralls brand and offering new colors and textures in its Oleg Cassini signature line each spring and fall. Says Harn, "Our volume in the Cassini line for the fall of 1983 was twice what it was for fall '82, which was twice the fall of '81." New colors and weights were also added to lower-priced L'eggs panty hose, another Consolidated Foods product, which sell through supermarket and drugstores.

Will the fad last? Says Harn, wistfully, "I wish I knew."—L.R.W.

Here we have consumers slowing down and the fragmentation of established markets speeding up. It's time to put on an unhappy face.



Toiletries and cosmetics

By Barbara Ettorre

RECOVERY STOPPED SHORT of cosmetics and personal care companies in 1983. Sales of the creams and lotions renowned for their resistance against hard times failed to go back into high gear when those hard times eased.

Unit sales of personal care items—shampoos and conditioners, deodorants, shaving creams, home permanents and facial care products—advanced only about 2% to 4% in 1983, instead of a normal 4% in a good year. Cosmetics, from the high-priced department-store lines to cheaper lines sold in drug and variety stores, did not fare much better. Fragrances pre-Christmas were actually flat because consumers were well-stocked with old stuff and found a dearth of new, well-priced, exciting scents in the marketplace.

The prognosis isn't good, either. Earnings should advance around 5% in the first half of 1984, sales perhaps 8%. That's nothing like the automatic 10% to 15% annual growth rate in profits in the late 1970s, when cosmetics and personal care companies could almost do no wrong.

So what is wrong?

Simply put, the consumer is becoming less free with her money. She may still want cosmetics as much as she always did, but now she's being more careful about buying them. The change is beginning to look at least semipermanent. The rate of women entering the work force has slowed, so there are fewer new salaries to tap for big growth. The end of the so-called ME generation has meant more customers less interested in peer pressure, people who would rather not pay for glamour or prestige, either in the product or the store where they might buy it. "Consumers aren't so narcissistic now," sums up Allan G. Mottus, an industry consultant. Now what could be worse for a cosmetics company?

Bargain-hunting in the toiletries section of a discount drugstore ***"Not so narcissistic now."***

Companies somehow have to tease more of their sales growth from customers who have exhausted their at-home inventory, rather than from impulse spenders drawn to the latest hot item. This is a disconcerting prospect for the most hype-conscious of all manufacturing industries.

How has the industry reacted? Mostly by trying to keep list prices intact and the aura prestigious. But that has led only to more diversion. Diversion? High-priced, high-markup cosmetics are typically sold "exclusively" to toney retailers in order to keep up the product's image. But more than ever they mysteriously appear, diverted, on the déclassé shelves of Sly Sam's Cheap Stores at a large discount.

Couple this spreading practice with across-the-board reluctance on the part of prestige retailers to stock full inventories and tie up valuable cash, and you can certainly understand why manufacturers turn a blind eye knowing that middlemen are diverting merchandise.

The old ways don't seem to work anymore. Even imitation fails to pay as it used to. Now, "There are too many chickens out there, too many 'me-toos,' " explains Henry G. Walter Jr., chairman and CEO of International Flavors & Fragrances.

The days of 35 new fragrance introductions a year are also gone. It's too expensive now—advertising and marketing costs leaped at least 10% in 1983—and the consumer is less responsive. "Their lifestyles are more pluralistic," says consultant Mottus, "so a manufacturer's expenditures don't give enough return to warrant the cost." The audience for any single product is simply getting too segmented. So when Chesebrough-Pond's aggressively promoted its inexpensive Aviance Night Musk and

Cachet Noir women's fragrances in 1983, Chesebrough also saw the increased ad costs eat away most of the potential profits.

The international picture, historically profitable, is just as cloudy. Sales in Europe are soft, and in South America a disaster. (The collapse of raw material prices, raging inflation and precarious loan positions have staggered Latin America's heretofore reliable middle-class buying.) Clearly, such companies as Colgate-Palmolive, American Cyanamid and Kimberly-Clark are rethinking their international businesses—accounting for, respectively, 57%, 51% and 28% of profits as recently as 1982.

Under all this pressure, the manufacturers are fighting here at home to carve narrower niches where they think they can hold their own. The increased fragmentation of the market has the players themselves confused. Consider the shampoo market. The plethora of new brands finds some of the big guns like Procter & Gamble (Head & Shoulders brand), Revlon (Flex) and Gillette (Silkience) being pushed around by aggressive littler guys like Helene Curtis (Finesse).

The lure is too great: The American shampoo market is about $1.2 billion at retail. Even a 1% share means $12 million. And shampoo is an easy-entry category requiring no great capital investment, except formula and packaging—but ultimately, of course, heavy ad spending.

Redken Laboratories continues its pricey hold on beauty salon customers. Lamaur, a $75 million (sales) Midwest company, has a 2% market share with its Style shampoo and is introducing Perma Soft, a shampoo for permed hair. Altogether, scores of brands vie for a piece of the shelf space, and bigger companies worry. As William J. Ryan, president of Gillette's personal care division, says, "To the extent that smaller companies are segmenting the market, I have to think that this is making the business more competitive."

Segmentation may make money in the shampoo market. Not so in other areas. When does a new product begin to steal market share from an established brand? Some companies think they are better off pumping money into an established brand, avoiding the risk of wasting it on a flop. Gillette, whose Right Guard deodorant has earned $500 million in profits since its 1960 introduction, spent $30 million in 1983 to market an upgraded formula that stopped a protracted sales decline. In fact, ad budgets for all toiletries and cosmetics companies were up 24% for just the first six months of 1983. For 1984, concerns like Revlon, Gillette, Richardson-Vicks and Chesebrough-Pond's are boosting their marketing budgets for established brands alone by as much as 15%, figuring that a brand in the hand is worth two on the drawing board.

The results of the consumers' tightfistedness show up all too clearly in the accompanying tables. Six of the nine companies in this category saw their return on equity drop noticeably below their five-year averages. Some very noticeably—like heaviest loser Avon Products, whose traditional door-to-door business continues to find fewer women at home when the Avon lady rings the bell. And Revlon, whose ROE is half of its five-year average because of heavy advertising and flat sales for most of 1983. The few gains in ROE by Procter & Gamble, Gillette and Colgate-Palmolive were overshadowed by such declines.

Overall, this category's ROE fell in 1983 to 15.2%, from 17.7% in 1982, even though the median for all industries dropped only slightly, to 12.6%, from 12.7%.

Net profit margins, clustered for the most part below 7.4% (except for IFF's traditionally high return on sales), also dropped, from 6.7% in 1982 to 6%, even as the all-industry margin rose slightly, from 3.4% to 3.5%. But that was small potatoes compared to what happened to the five-year earnings-per-share average. That figure dropped from 12% in 1982 to 8.5%. The all-industry average also dropped, due to the recession, but less precipitously—from 12.3% to 9.4%.

Are there any bright spots? Body sprays—inexpensive deodorant-fragrance products popular in Europe—are being introduced by Lever Brothers, Gillette, Carter-Wallace and Fabergé. Gillette's Ryan estimates the category could produce a total of $70 million at retail in 1984.

Otherwise, the world of lotions and potions is not pretty. As Roger Shelley, Revlon's vice president of corporate affairs and investor relations, very unhappily summed it up: "It's becoming patently obvious that it's a matter of which marketer is taking shares from other marketers, not industry growth as a whole." ■

Toiletries and cosmetics

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Avon Products	1	23.5%	14.9%	0.2	1	23.1%	11.7%	6.0%	3	12.1%	7	3.4%
Chesebrough-Pond's	2	21.3	19.2	0.2	3	17.5	16.3	7.3	2	14.3	1	13.4
Intl Flavors & Frag	3	21.3	19.7	0.0	2	20.1	19.0	14.5	6	9.7	4	10.4
Procter & Gamble	4	19.7	20.1	0.2	4	15.4	15.7	7.0	4	11.3	3	11.8
Gillette	5	18.7	19.7	0.4	5	13.9	14.2	6.5	8	8.3	5	8.5
Kimberly-Clark	6	17.9	12.0	0.2	6	13.9	9.5	5.3	5	11.2	2	12.7
Revlon	7	14.7	7.6	0.3	7	12.7	6.4	4.0	1	17.5	6	5.4
Colgate-Palmolive	8	14.3	15.2	0.2	8	11.7	12.6	4.1	9	7.5	8	2.5
American Cyanamid	9	11.5	9.7	0.3	9	8.9	7.9	4.3	7	9.4	9	1.8
Industry medians		18.7	15.2	0.2		13.9	12.6	6.0		11.2		8.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38

Domestic cigarette sales may be trailing off, but even in a bad year tobacco profits are far better than anything else these companies buy into.

Tobacco

By John Merwin

THE NUMBER of cigarettes sold in the U.S. declined more sharply than ever in 1983, perhaps by as much as 6%—nearly 40 billion smokes—according to year-end estimates by R.J. Reynolds Industries. In 1984 unit sales, at best, are expected to be up slightly. Some observers suggest sales may be down again.

For the better part of two decades tobacco giants have been preparing for days like these by diversifying into soft drinks, beer, oil, steak sauce, liquor, food processing, insurance and shipping. Wall Street has applauded them for these efforts all the way.

Trouble is, the harder the tobacco companies try to diversify away from tobacco, the more they seem to earn selling cigarettes. Year after year tobacco majors have continued to earn the major share of their considerable profits from cigarettes. And 1983 was no exception. Philip Morris' cash flow ran about $1.2 billion, most of it from cigarettes, which account for about 60% of its assets. About half of Reynolds' $1.5 billion cash flow stemmed from tobacco (30% of its assets). Loews (owner of Lorillard) and American Brands, Inc., respectively the fourth- and fifth-largest domestic cigarette producers, still rank among the overall profit leaders on the Forbes Yardsticks, thanks to cigarettes. And this ranking comes despite the fact that Loews is principally an insurance conglomerate, while American Brands in recent years has channeled most of its $445 million annual cash flow into nontobacco businesses.

In fact, things are so bleak in tobacco that Philip Morris, which puffed past R.J. Reynolds to become the nation's leading cigarette producer, has been spending roughly $500 million a year on new tobacco production facilities and high-speed cigarette rolling machines. Number two Reynolds has launched a ten-year, billion-dollar capital improvement program for its tobacco operations.

Now, granted, even cash cows have to be fed now and then. But these are big numbers. Have PM and RJR lost their heads, throwing such good money into an obviously shrinking business? Hardly. Companies like PM and RJR haven't usually topped 20% on the Forbes return on equity Yardsticks below by making foolish investments, at least not in tobacco.

Fact is, if you have the market share, there's no business like a mature or even a shrinking business—if it's shrinking this slowly, and this lucratively.

In fact, reports of tobacco's death may be greatly exaggerated. Suppose, at the worst, U.S. cigarette sales in 1984 slip to 590 billion smokes, from about 600 billion in 1983. One reason for last year's decline undoubtedly is the unusually sharp federal, state and local tax increases tacked on in 1983. That helped drive up the price of a pack of cigarettes about 25%, depending on retail location. At most stores prices topped a dollar a pack. Given so

Tobacco

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Philip Morris	1	23.7%	23.7%	0.9	3	13.1%	12.4%	6.8%	1	18.6%	3	18.2%
Loews	2	22.5	22.2	0.5	4	12.6	14.1	5.8	3	11.9	1	21.8
American Brands	3	22.1	19.5	0.2	1	16.5	15.2	5.6	4	8.6	4	18.0
R J Reynolds Inds	4	20.1	16.1	0.3	2	14.6	11.5	5.6	2	16.0	5	10.9
Culbro	5	17.1	7.2	0.5	5	10.7	7.0	1.4	5	3.7	2	19.1
Industry medians		**22.1**	**19.5**	**0.5**		**13.1**	**12.4**	**5.6**		**11.9**		**18.2**
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.

extraordinary a price hike, the decline in unit sales in 1983 may have been only a momentary dip, rather than the beginning of a long-term decline.

Certainly, those manufacturers with commanding market shares don't sound worried. Frequent price increases generally cover inflation, and when you're selling 600 billion cigarettes a year, the leverage of a little price hike is tremendous. Says Philip Morris Chairman George Weissman, "On a dollar base per pack, if prices are increased 3%, that's only three cents to the consumer. But to manufacturers it's a billion dollars in available profit. So even if cigarette sales drop to 590 billion or 580 billion, we're talking minuscule changes."

Reynolds Treasurer John Dowdle points out that real earnings gains in tobacco come by increasing production efficiences and market share. Twenty years ago machines rolled only 1,200 cigarettes per minute. Today's state-of-the-art machines spew out 8,000 a minute. That's one reason cigarette operating earnings run about 15% to 20% of sales.

Despite Wall Street's concern about the future of tobacco, companies such as Reynolds and Philip Morris are still reaching for more market share. Blessed with megabrands like Winston and Marlboro, they enjoy distribution efficiencies that smaller tobacco players can't match.

Why go to that effort in an industry that has limited growth at best? Because the market leaders are planning to live off market stragglers and the faint of heart. Take Philip Morris, the purest of the major tobacco companies, with 60% of its assets, 67% of sales and 90% of operating profits in tobacco. Says PM Chairman Weissman, with a confident drag on a Players cigarette: "If anybody gets discouraged with tobacco, we will take on their share of market, their unit growth and their everything else." Weissman continues: "Look, in 1964 cigarettes were selling for about 28 cents a pack. Now they cost 3 or 4 times that, and our industry is still selling 25% more cigarettes. That isn't a brilliant record, but it isn't a bad one, either." Another point worth noting: Even though domestic sales are down, foreign consumption continues to move up, which bodes well for U.S. tobacco companies, especially if the dollar weakens.

Companies with smaller market share take a different approach. In effect, they are borrowing from tomorrow in tobacco, betting that diversifications will make up for sliding or stagnant cigarette market shares. American Brands has been among the most aggressive advocates of investing tobacco cash flow outside the industry. Last year the company spent about $550 million on acquisitions, while its tobacco capital expenditures totaled only $54 million. Of its nontobacco businesses, insurance, liquor and food products have shown the best returns. Recently American Brands struck a deal to acquire Southland Life Insurance for $352 million, an amount roughly equal to a year of domestic tobacco's operating profits.

For companies with stronger market share, however, diversification remains a mixed blessing, at best. While Reynolds enjoys good returns in oil, its 8% operating margin in food and beverages pales beside tobacco's 14%. Reynolds, which sees itself as a $13 billion consumer packaged goods manufacturer, is struggling with low margins in its Del Monte division. "I don't think we can change the fundamentals of the processed food business," explains Dowdle, "but we can use it as a building block to move into higher-value-added food businesses." The idea: Del Monte will become the conduit for Reynolds' higher-margined liquor, wine and grocery products, acquired 15 months ago in RJR's $1.6 billion purchase of Heublein.

Philip Morris' Weissman says he is willing to accept lower nontobacco returns "to keep an anchor to wind-

The smokes with no name

The most surprising development in cigarette marketing last year was the continued growth of generics. Generic cigarettes, which sell for $2 a carton less than "branded" smokes, are simply labeled "cigarettes" or, in major supermarket chains, bear private labels like Safeway's Scotch Buy.

Generic smokes emerged four years ago after major supermarkets launched broad lines of generic goods—unbranded packages of peaches, paper towels and so forth—for consumers on a tight budget. Supermarket chains figured generic cigarettes might sell, too, and they were right.

After the first three years generic cigarettes captured 0.8% of the market. That may not seem like much, but it's considered a promising start in the tobacco business, where a mere 1% share means $180 million in retail sales. Surveys now indicate that in 1983 generic sales neared a 2.5% share, certainly a marketing coup.

Naturally, executives at Philip Morris and R.J. Reynolds doubt the staying power of generic cigarettes, assuming the recession lifts. After all, Madison Avenue has brainwashed consumers into thinking that their choice of cigarette is a strong statement about what kind of person they are. Smokers of Marlboros, for example, are told that they are saying, "I'm the rugged individualistic type," while those who puff the newer Players are supposedly saying, "I'm a swinger." Who would want to make the cheapskate statement of plopping down a pack of less expensive Scotch Buy smokes at the local tavern? Answer: more people than anyone suspected.

Happiest about the generics' success is Liggett & Myers, a onetime cigarette powerhouse that faded with its old-line brands, L&M, Lark and Chesterfield. Today nearly all of the country's generic cigarettes are rolled in Liggett's Durham, N.C. factory. Buoyed by rising generic sales, Liggett is now test-marketing two new nongeneric brands and is even trying to revive the once-strong L&M franchise. That's a tall order for Liggett, which even with generics has only a 4.2% toehold in the cigarette marketplace. Nevertheless, Liggett Marketing Vice President Hal Grant says the company's parent, London-based conglomerate Grand Metropolitan, is pleased with Liggett's revival and is backing the company with all the dollars it needs. And Grand Metropolitan, which makes part of its living making book at the racetracks, ought to know a good bet when it sees one.

Smokers try Liggett's generics initially because of the 20-cents-a-pack saving, says marketing director James Dowd, then stick with them when they discover the quality is up to that of regular brands. But what about the absence of "image" or "personal message" when smoking generics? Says Dowd, "Generic smokers are making a personal statement, all right: 'I don't have to subsidize billboards.' "—J.M.

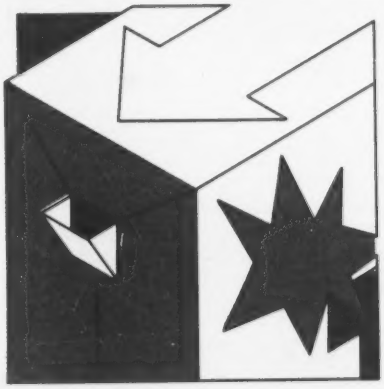
ward." In order to invest in both tobacco and diversification, PM carries $3 billion in long-term debt. Weissman bristles at suggestions that PM's $2 billion investment in Miller Brewing, with its wobbly 5% operating margins, has done little for the company: "Our entire investment in beer at this point is under $500 million on the intracompany account because of Miller's earnings flow, depreciation and tax credits. And this year we'll make over $100 million in beer."

But what about the $500 million PM sank into Seven-Up that is returning almost nothing? Dr Pepper, which is in similar shape, is on the block. "I don't know if we can make Seven-Up work," Weissman says. "It depends on the extent to which Coca-Cola wants to drive out everybody else and also on who has the staying power." PM has staying power, but is it worth the trouble?

Why not reinvest that billion-dollars-plus cash flow in tobacco directly, or at least indirectly, by buying back the company's relatively cheap stock, selling recently at 10 times earnings? Wouldn't that $2 billion invested in Miller over the last 13 years have brought a better return in T bills? "We are operating people," Weissman says. "We are not bankers. We are not money market swingers like Baldwin-United, which had a lovely piano business. Sometimes we may not act in the shareholders' best short-term interests. But anyone who looks at the company's 20-year record will see that in the long term we have acted in their best interest."

It's hard to quarrel with that. ■

Glass is out, plastics are in—as long as the price of oil stays as depressed as it is. Meanwhile, shifting assets is costly for the packagers.



Packaging

By Ellen Paris

REMEMBER the party scene in the 1967 film *The Graduate* in which a well-intentioned executive gives some career advice to young Dustin Hoffman: "Plastics!" ?

Well, we have come full circle since the late Sixties. With the price of oil depressed at the moment, petrochemical-based plastics are once again returning to haunt packaging companies still dependent on glass. In the all-important soft-drink market, glass dropped from a near 60% of the market in 1977 to around 44% today and is still falling. At the same time plastics has climbed from virtually nil in 1977 to about 22% today.

"We think plastic has preference over glass today, and we don't want to fight the trend," says Robert Lanigan, president of Owens-Illinois, often dubbed a pale blue chip because of its persistently anemic profitability. As the nation's largest glassmaker, O-I's five-year average ROE at 8.6% has barely kept pace with inflation. In 1983 Lanigan established a $28 million aftertax reserve against costs of closing a portion of O-I's glass capacity. He will concentrate instead on expanding the company's plastics division, which makes plastic containers for the food, cosmetics, pharmaceutical and beverage industries and which will account for 25% of O-I's business in 1984, vs. 16% the year before.

The same costly asset redeployment is happening at most other glass companies on the Yardsticks rankings. Once highly profitable Brockway, Inc. (NY)—based in Brockway, Pa. and one of the country's largest glassmakers—with around 80% of its sales tied to glass, has earned on average just 7.3% on shareholders' equity over the last five years. Take out inflation and you get red ink. In 1983 it earned no more than 4.5%—as pitifully inadequate as the interest on your savings account. Clobbered over the last few years when its major customer, Miller Brewing, began switching more of its premium beer packaging from glass bottles to cans, Brockway threw in the towel. Not only has it closed and written off a glass bottle plant in Washington, Pa., it is being very selective rebuilding its glassmaking furnaces. It is redirecting some of its cash flow to its profitable commuter airline division, including Crown Airways, Clinton Aero and Air North, which serve several northeastern markets. That's spelled DEFEAT.

It's the same story at ever-mediocre Anchor Hocking. Management cashed in its chips last year and sold its glass container operation in a leveraged buyout to Wesray Corp. Some of the proceeds were used to pay off short-term debt. Anchor Hocking President and CEO J. Ray Topper is undecided about what he will do with the rest of the $52 million in cash. "We kept throwing money back into glass," explains Topper, belaboring the obvious, "but it wasn't throwing off enough cash."

So why is Ball Corp. hanging right in there at the top of the industry Yardsticks? Everyone knows that Ball, as in Ball jar, is a glassmaker. Yet there it is with an unbeatable 12-month return on equity of 16.2%, nearly three times the packaging industry median. The answer, of course, is that Ball saw plastics coming and did something about it. For several years Ball has been diversifying away from glass and into the aerospace industry. Ball supplies technical products, like satellites, electro-optical sensors and antennas to NASA and the military. The company also provides copperplated zinc blanks to the federal mint, which turns them into pennies. In this niche,

Ball is—figuratively and almost literally—coining money.

Niche-hunting also explains the successes of New Hampshire-based Tyco Laboratories and Sonoco Products. Tyco makes automatic fire sprinkler devices, printed circuit boards, underwater communications cable and flexible packaging materials. Sonoco is a specialty producer of composite cans, plastic grocery sacks and wooden spools for wire and cable. If that sounds boring, note that Sonoco, with very little debt, earned over 14% on shareholders' equity last year, second only to Ball.

For the big packaging companies, with so much of their assets committed to glass, the plastics challenge is no joke. The assault began in a small way after World War II in stopett deodorant packages, and in the early Sixties gained momentum in the bleach market. But it really gathered force in 1977, when the two-liter PET (polyethylene terephthalate) bottle, aimed at soft drinks, was introduced.

Prior to the introduction of the PET bottle, Monsanto in 1973 came out with a plastic soft-drink bottle. It was made with a material called Lopac, which was believed to contain possible cancer-causing agents. It was subsequently taken off the market. The PET bottle was developed using a different resin that has not caused any problems with the FDA. The PET bottle protects against light and climatic changes; however, all the printing is done on an attached label and not directly on the bottle. From nothing, two-liter PET bottle shipments rose to about 500 million units in 1978, and to 2.5 billion in 1982.

There are signs of overcapacity in the two-liter PET market: Prices have been soft. But the fact remains that Dorsey Corp. (sales: $450 million), which has been able to hang on to about 30% of that market, earned nearly 14% on equity in the latest 12 months. That's an impressive improvement on its five-year average and better than twice the industry average.

The new bottle laws are yet another headache for glassmakers. In New York State, retailers must now charge a minimum five-cent deposit on every soft-drink or beer container sold. The retailers must then refund that nickel on every container brought in. This is a major headache for the retailers, who must inventory the old containers. To ease the pain, they can be expected to stock lighter-weight cans and plastics that don't break—in place of glass, which does.

Plastics have been less successful competing with metal cans. In the soft-drink market in 1983, plastics' 22% market share pared that of metal cans from 30% in 1977 to 26%.

This could change, however. In 1981, Dorsey began shipping a half-liter (16.9 ounce) PET bottle. This would undoubtedly have chipped away at both glass and cans had it not been for production snags that kept its price around 20% above glass' price. But most of the production problems have been worked out, and the smaller PETs' volume should increase in 1984. Again, the company to watch is little Dorsey, which has 50% of the half-liter PET market.

Although Owens-Illinois has a chunk of the PET market, for the most part the old-line companies find themselves out in the cold, sweating off uneconomic assets. Continental Group, which over the last five years earned a respectable 12.5% return on equity, has unloaded $1 billion worth of assets over the last two years. "We have finished cutting the barnacles off our hull and we're ready to set sail," says Continental Chairman and CEO Bruce Smart. Also in CG's writeoffs was its two-liter PET bottlemaking business, allegedly because Smart thinks the PET bottle has already reached the saturation point. Continental, says Smart, will concentrate on more specialized, and less competitive, plastic products like household and food containers. Smart also plans to expand Continental's growing life insurance subsidiary, which has over $1.7 billion in assets.

Heavily leveraged American Can, with a dismal 4.3% five-year-average return on equity on the industry Yardsticks, is also redeploying assets—for obvious reasons. It is concentrating

Packaging

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	26.5%	13.2%	0.6	1	14.5%	8.9%	3.4%	1	31.2%	1	21.6%
Sonoco Products	2	16.9	14.2	0.2	2	13.8	11.4	4.8	3	15.5	3	12.3
Ball Corp	3	16.5	16.2	0.5	3	10.8	11.0	4.3	4	14.0	2	13.3
Stone Container	4	14.7	1.6	0.8	7	8.6	1.4	0.6	7	10.8	6	6.7
National Can	5	12.6	5.5	0.4	5	9.1	4.8	1.2	8	9.7	4	10.6
Continental Group	6	12.5	9.5	0.5	6	8.8	6.9	3.6	12	7.4	5	7.2
Crown Cork & Seal	7	12.1	7.9	0.0	4	10.6	6.9	3.3	10	7.5	7	6.2
Dorsey	8	9.9	13.6	0.5	8	7.4	10.2	2.6	2	15.5	8	6.0
Bemis	9	9.6	6.0	0.4	9	7.1	5.5	1.5	14	2.0	9	5.0
Owens-Illinois	10	8.6	2.6	0.4	10	6.3	2.9	1.0	10	7.5	10	1.6
Brockway Inc (NY)	11	7.3	4.5	0.3	11	6.0	4.2	1.2	5	12.0	11	–4.1
Anchor Hocking	12	7.1	def	0.3	12	6.0	0.1	def	9	8.0	12	–5.8
American Can	13	4.3	6.7	0.7	13	4.2	6.5	2.3	13	6.0	13	–17.7
Kerr Glass Mfg	14	1.5	def	0.5	14	4.6	def	def	6	11.9	14	–36.9
Industry medians		11.0	6.4	0.5		8.0	6.0	1.9		10.3		6.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

on multilayer plastic bottles for such customers as Heinz ketchup. American also produces laminated tubes for toothpaste, and has begun marketing chewing-gum-in-a-tube, Pubble Gum, for Wrigley. But don't expect overnight growth. However, says Dave Parker, executive vice president in charge of American Can's $2.2 billion packaging business: "We are looking at the medical and pharmaceutical areas for immediate growth." Meanwhile, recently appointed Wall Streetbred Vice Chairman Gerald Tsai Jr. has been adding to American's trendy financial services segment *(see* FORBES, *Sept. 12, 1983)*, and major acquisitions outside of packaging, financed by the sale of existing assets, are a distinct possibility.

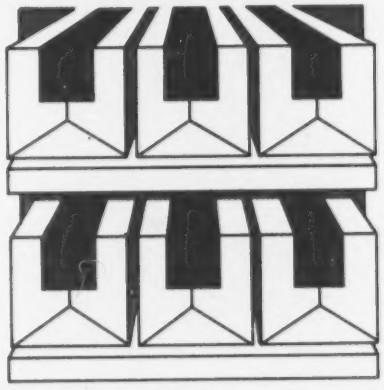
Compare that with National Can, which for the last five years has a return on equity three times that of American Can. It has done so by sticking to and improving on the packaging businesses it knows. Trendy acquisitions? National Chairman and CEO Frank W. Considine paid a rock bottom, below book $58 million for four glassmaking plants from Kerr Glass in September. After all, the price of oil, and hence plastics, won't necessarily stay depressed forever. Around 50% of the Kerr plants' capacity was dedicated to Anheuser-Busch. National expects to sustain those sales levels. A natural for National, which already did a substantial can business with Anheuser. Says Considine: "We figured that, since many are deemphasizing glass, now is the time to buy in." Considine is betting that a declining commodity market becomes in time a specialty market. "We see beer as the last beverage to go plastic," he says.

Considine may be right. But for now the advance of plastics looks unbeatable. Plastics captured a large segment of the edible oils markets last year. Next is booze: Jim Beam recently began offering consumers in New Jersey, Nevada and Arkansas bourbon in a 1.75-liter plastic bottle from Continental Group. Several California vintners are testing wine in three- and four-liter plastic jugs. "Plastics," says Merrill Lynch's Palm, repeating *The Graduate's* exec, "has the potential to take over everything."

For a while, anyway. ■

It costs more and more money to stay alive in the wholesaling game. And so the wholesalers dwindle down. . . .

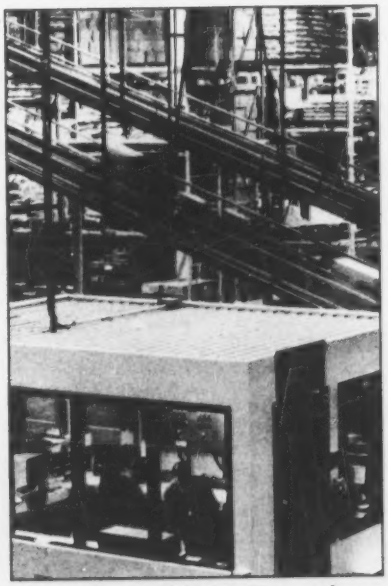
Wholesaling



By Richard Greene

FOR WHOLESALERS productivity isn't meaningless cant that is bandied about by corporate consultants who really don't know much about running a business. It is what you do when you need to survive. In a business where profit margins generally run around 1%, there isn't much room for error.

No surprise, then, that cost-cutting efforts among wholesalers seem to have been rewarded in 1983. It was a year in which a practically nonexistent inflation rate for food products—certain products like pork and chicken even saw a certain amount of disinflation—combined with 5% or 6% increases in costs to squeeze many food wholesalers. "We're dealing in small fractions because of our margins," says Robert Cohn, chairman of CFS Continental. "If there was no inflation in product line or operating expenses, then we'd be okay. But when operating expenses are going up and the products you sell do not. . . ."



Fleming Cos.' Oklahoma City warehouse **An electronic umbilical cord.**

Yet medians on both return on equity and return on total capital dropped a minimal tenth of 1%. While a few firms, notably Farm House Foods and its 51%-owned Scot Lad Foods—two of the highest debt-to-equity ratios in the industry—suffered greatly, most of the rest emerged from the year in good shape.

A quick glance at 1982's industry rankings shows that the food wholesalers racked up a median 0.8% net profit margin, the exact margin the industry showed in 1983. So, although productivity gains in this industry may not have shown themselves with crystal clarity this past year, they were there. They had to be, for the industry to make up that extra 5% or 6% in costs.

"The security analysts see a falloff and are concerned," sums up Richard Harrison, chairman of Fleming Cos. "But what they don't realize is that the bottom line has improved because the real dollar gain is higher today

than it was a year ago. A 5% gain on a zero rate of inflation is better than an 11% gain and 10% inflation."

A point many investors and more Wall Streeters carelessly overlook. Somehow it takes a businessman to home in on the difference between taking in real money and writing up bookkeeping profits.

Meanwhile, even some of the firms on the low end of the Forbes Yardsticks are optimistic about next year. Jack Twyman, chairman of Super Food Services, which is ninth on our list based on five-year return on equity, but had the second-highest return on equity for the latest 12 months, can hardly get himself to talk about anything but confidence: consumer confidence, retailer confidence, wholesaler confidence. "We're seeing reluctance to invest at retail ebbing," he says. "While our customers have put off capital expenditures over the last few years, they feel now is the time to expand their locations and invest in the future of their business."

Economic recovery seems to be rippling through the types of items wholesalers are moving. "It's going from the lower-priced products to the higher-value, higher-quality products," says Harrison, whose Fleming Cos. is a $5 billion food wholesaler based in Oklahoma City. "From the lower-priced frozen food dinner to the higher-priced, quality frozen-food dinner; from less expensive breads to more expensive baked goods."

All this portends higher volume, of course. But consumer sentiments are not the most durable evidence of good times to come. Improved labor contracts may be a somewhat longer-lasting bit of good news for the wholesalers. Contracts signed in the past year or so promised annual increases in the neighborhood of 4%, compared with almost 10% only three years ago. "That's a significant insurance policy for the future," says Harrison of Fleming Cos. "It's our single largest cost-saving factor," agrees Cohn, of billion-dollar-plus CFS Continental.

Still, after getting labor to accept lower wage increases, the next productivity gains are somewhat harder to come by. And a recovering economy is not enough by itself to spell success in this business. Think about it. If a firm has margins of 1% and it can pick up 5% of real, after-inflation growth, it's doing pretty well. But a 0.1% increase in its margins will bring twice that much profit to the bottom line. Clearly the route to real success is to increase margins at the same time as revenues.

For most wholesalers, future productivity gains seem to lie in the improved use of computers. Inventory turnaround is critical, and wholesalers are concerned about picking up not just weeks or days, but hours. To that end, most of the large wholesal-

Wholesalers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Food distributors												
Super Valu Stores	1	26.8%	22.6%	0.6	1	18.5%	16.2%	1.3%	5	15.5%	2	20.4%
Sysco	2	19.7	18.2	0.4	2	15.4	13.9	2.0	2	18.6	1	20.7
Fleming Cos	3	18.2	17.1	0.6	5	12.8	11.1	0.8	7	13.6	6	11.7
Malone & Hyde	4	17.5	19.0	0.4	3	13.5	14.7	1.3	6	15.1	7	10.0
Flickinger	5	16.2	17.4	0.6	4	13.2	12.5	0.8	9	11.7	4	13.0
Nash Finch	6	14.4	13.4	0.4	6	11.5	10.9	1.0	10	10.7	9	5.0
CFS Continental	7	13.1	14.8	0.7	8	9.5	10.7	1.4	8	12.4	5	13.0
Wetterau	8	13.0	14.6	0.5	7	10.2	10.3	0.8	3	16.1	10	2.0
Super Food Services	9	12.8	19.3	1.3	10	8.8	10.0	0.5	4	15.6	8	6.3
Farm House Foods	10	10.5	1.3	1.9	9	9.4	6.8	0.0	1	38.7	12	–4.7
Pac Gamble Robinson	11	8.9	6.3	0.8	11	7.7	6.4	0.4	11	7.5	11	–3.0
Di Giorgio	12	8.0	5.4	1.0	12	6.2	4.8	0.7	12	5.9	3	14.3
Scot Lad Foods	13	3.8	def	1.1	13	4.4	2.3	def	13	1.9		D–P
Medians		**13.1**	**14.8**	**0.6**		**10.2**	**10.7**	**0.8**		**13.6**		**10.9**
Other wholesalers												
Phibro-Salomon	1	36.5%	25.1%	0.4	1	28.1%	19.0%	1.5%	1	31.3%	2	29.3%
Bergen Brunswig	2	19.5	19.4	0.6	4	15.2	15.4	1.3	3	19.8	1	40.6
Std Comml Tobacco	3	19.4	13.9	0.3	2	16.3	13.2	2.1	2	22.7	6	12.7
Universal Leaf	4	19.0	17.8	0.2	3	15.8	13.9	3.6	11	7.6	5	14.6
Alco Standard	5	18.0	14.3	0.4	6	13.1	10.8	2.0	4	16.4	7	10.1
Amer Hospital Supply	6	17.1	18.2	0.1	5	15.0	16.3	6.8	5	15.1	3	15.4
Dibrell Brothers	7	15.4	20.4	0.3	8	12.1	13.8	2.9	8	9.0	4	14.7
McKesson	8	15.3	12.8	0.5	9	10.6	9.6	1.5	10	8.0	9	6.1
Univar	9	14.8	7.2	1.1	10	9.7	5.9	0.7	9	8.4	8	8.7
Lowe's Companies	10	14.7	19.5	0.3	7	12.1	16.2	3.2	6	11.7	10	4.9
Amisc	11	8.4	def	0.8	11	6.3	def	def	7	10.2	11	–2.1
Medians		**17.1**	**17.8**	**0.4**		**13.1**	**13.8**	**2.0**		**11.7**		**12.7**
Industry medians		**15.4**	**16.0**	**0.6**		**12.1**	**11.0**	**1.3**		**13.0**		**11.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
D–P: deficit to profit; not ranked. def: deficit.

ers have installed complex inventory control computers, not only in their own operations, but in their clients' operations as well. When the store manager at your local supermarket decides he needs to order Wheaties, he doesn't have to talk with anyone. He just waves an electronic wand over the product label on the shelf, and then uses the telephone lines to relay that order to the wholesaler. With such instantaneous ordering the wholesaler can anticipate his customers' needs much more effectively. In addition, he doesn't have to keep quite as much in stock and saves on his financing expenses.

There's even another, less obvious advantage to the wholesalers in linking up directly with their customers: It cements the marriage between wholesaler and retailer. Ten years ago, a retailer could change his supplier at the drop of a price. Now, however, if he's put all sorts of time and money into developing an electronic linkage, he's not going to make a switch quite so frivolously.

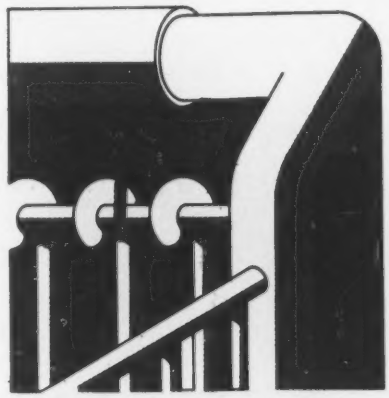
Trouble is, all this technology is pretty expensive, especially to a business where even a giant like Super Valu Stores earns under $80 million. As a result, the shakeout in wholesaling continues, since small companies cannot stay competitive and large firms are only too glad to grab up more market share.

The numbers are staggering: In the last ten years, the number of wholesalers able to serve the supermarket industry has gone from some 1,000 firms to only about 400 according to Walter Heller, research director of *Progressive Grocer*, a trade journal. Says Cohn, "The ongoing move toward consolidation is directly related to the financial capabilities of small companies. If we invest half a million in software programs, we can amortize that over a billion in sales. It's pretty hard to invest half a million when you're only doing $8 million in sales."

"I get calls almost on a daily basis," says Fleming's Harrison, an active buyer of wholesaling operations, "from smaller wholesalers who just can't make the investment to stay competitive." ■

Vicious circle: The supermarket chains build bigger stores, which need more volume, which means cutting prices, which then crimps profits.

Supermarkets



By Richard Greene

IF YOU EAT, the good news is that food prices went up only 1% for the 12 months ending in October, about one-third the percentage increase in the Consumer Price Index. If you follow the supermarket business, the bad news is that one of the reasons for the small price jump in food is that supermarket owners held down prices, which cost them profits.

Front window of a New York supermarket
"You cut prices to meet someone else, and . . . you're down the sewer."

Return on equity, the Forbes Profitability Yardsticks show, declined in the latest 12 months against the five-year averages for most major and regional chains, including four of the top five majors and all the top five regionals. The problem seems to be that the supermarket chains invest heavily in new stores, giant stores selling everything from corned beef to caviar, from jeans to jacksaws. They need huge volumes to make these properties pay. Since a new store doesn't create more volume per se—nobody eats more because Safeway opens a store in the neighborhood—it means business must be gotten by luring customers from older stores, and cutting prices is the easiest way.

It can work. Stop & Shop stores in Connecticut were giving away a can of tuna fish and a roll of paper toweling with every order of $7.50 or more. Stop & Shop also recorded an impressive profit surge, running 22.3% return on equity in the latest 12 months, against a 17.1% five-year average. But the price wars last year

generally are blamed for the relatively poor showings in the industry.

That is not to say that there were many disasters in the industry in 1983. Industry medians were down only slightly, with a fair number of success stories to be found. A&P seems to be turning around again, although poor past performance keeps it in its now-traditional spot at the bottom of the Forbes rankings. American Stores jumped from fourth place to first on the list, as its combination stores, which emphasize nonfood items, helped push up margins. At the same time, Lucky Stores, the $8 billion (sales) California-based chain, saw its return on equity for the latest 12 months jump from 16.5% in 1982 to a healthy 21.1% in 1983.

Ironically, only a year ago Warren McCain, chief executive officer of Albertson's, a major chain headquartered in Boise, said: "All the retailers are a little smarter now, and I guess none of them can afford the price wars of the past." That may have applied to Albertson's, but McCain was wrong as far as the industry was concerned. That's because of the pressure that

Supermarkets

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Major chains												
American Stores	1	23.6%	25.6%	0.7	2	15.5%	14.2%	1.3%	1	52.8%	1	23.2%
Albertson's	2	22.4	19.0	0.6	4	13.6	13.0	1.5	3	16.9	3	16.9
Lucky Stores	3	22.0	21.1	0.7	3	13.7	13.5	1.4	4	14.9	9	8.3
Supermarkets General	4	21.0	19.3	0.9	5	11.8	12.1	1.2	7	11.3	2	21.6
Winn-Dixie Stores	5	20.2	19.2	0.2	1	17.4	16.9	1.6	6	12.1	8	10.4
Stop & Shop Cos	6	17.1	22.3	1.2	9	10.0	11.5	1.6	10	8.1	6	14.0
Jewel Cos	7	17.0	16.4	0.6	7	10.7	10.3	1.5	8	9.9	4	16.7
Southland	8	17.0	17.4	0.8	8	10.5	11.5	1.7	2	21.0	5	14.9
Kroger	9	15.8	11.8	0.7	6	11.0	9.3	1.0	5	13.0	7	13.9
Safeway Stores	10	13.4	14.5	1.2	10	8.7	8.9	0.9	9	9.3	10	3.7
Great Atl & Pac Tea	11	def	8.0	0.8	11	def	6.5	0.5	11	–3.7	11	D–D
Medians		17.1	19.0	0.7		11.0	11.5	1.4		12.1		14.0
Regional chains												
Big Bear	1	48.9%	35.9%	1.5	4	16.4%	17.3%	1.4%	11	12.6%‡‡	4	30.2%‡‡
Bruno's	2	35.3††	28.8	0.2	2	23.5††	22.3	2.6	4	18.3‡	3	31.9‡
Food Lion	3	31.9	26.9	0.2	1	25.7	21.2	2.4	1	32.1	5	28.9
Natl Convenience Stores	4	27.5	23.1	1.6	6	13.5	11.1	2.3	3	19.6	7	24.4
Big V Supermarkets	5	23.3	18.2	0.5	5	15.8	12.5	1.3	6	17.5	8	21.5
Cullum Companies	6	21.4	16.8	0.9	7	12.5	10.7	1.2	9	13.4	6	25.3
Weis Markets	7	20.6	19.6	0.0	3	20.6	19.5	5.6	13	12.5	14	15.6
Pneumo	8	20.4	27.2	0.7	9	12.2	14.1	2.7	7	15.3	11	16.9
Giant Food	9	19.7	22.3	0.7	8	12.3	14.4	2.0	10	12.7	10	18.5
Hannaford Bros	10	19.5	20.2	1.0	10	11.0	13.1	1.5	17	11.1	15	14.4
Circle K	11	17.4	27.9	0.7	11	10.7	16.3	2.3	4	18.3	19	7.4
First Natl Supermkts	12	17.3	16.6	1.5	18	9.2	9.3	0.6	2	20.9	16	13.0
Waldbaum	13	15.9	15.9	0.9	12	10.6	10.7	1.0	12	12.5	12	16.5
Seaway Food Town	14	15.7	9.6	1.0	15	10.3	7.1	0.7	14	12.4	17	12.2
Marsh Supermarkets	15	15.7	9.4	1.2	17	9.3	6.5	0.7	19	11.0	18	11.6
Ruddick	16	14.7	15.0	0.6	14	10.3	10.8	2.0	16	11.2	13	16.3
Thriftimart	17	12.3	7.5	0.2	13	10.5	6.7	0.9	22	7.3	2	38.3
Penn Traffic	18	12.2	13.0	0.6	16	9.6	9.6	1.4	8	13.7	21	3.3
Munford	19	11.4	13.6	0.7	21	7.4	10.1	1.6	24	3.5	9	20.6
Godfrey	20	11.0	6.1	0.8	20	8.1	6.0	0.4	18	11.1	22	1.4
Arden Group	21	10.0	6.4	1.2	22	7.1	6.0	0.4	25	0.0		D–P
Pueblo International	22	9.3	7.6	1.2	23	7.1	6.0	0.6	26	–2.0		D–P
Shopwell	23	9.0	10.5	1.3	24	6.7	7.7	0.5	20	10.6	1	163.0
King Kullen Grocery	24	8.7	11.1	0.0	19	8.1	10.2	0.7	15	12.1	20	5.4
Fisher Foods	25	8.0	3.4	0.4	25	5.2	3.4	0.5	27	–5.3	23	–9.6
Foodarama Supermkts	26	2.2	3.8	0.7	26	4.1	5.4	0.2	23	4.6	25	–26.1
Borman's	27	1.5	0.8	0.8	28	3.1	2.5	0.0	21	9.1	24	–25.3
Allied Supermarkets	28	def	4.0	0.2	27	3.5	5.9	0.5	28	–8.7	26	D–D
Pantry Pride	29	def	NE	1.4	29	def	6.3	0.7	29	–14.6	26	D–D
Medians		15.7	13.6	0.7		10.3	10.1	1.0		12.1		15.6
Industry medians		16.5	16.2	0.7		10.5	10.5	1.3		12.1		14.7
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four-year growth. ‡‡Three-year growth. D–D: deficit to deficit. D–P: deficit to profit; not ranked.
def: deficit. NE: negative equity.

has been building for several years now with the emphasis on larger and larger stores. Five years ago the average supermarket was 25,000 square feet. Today the average is more like 32,000. Kroger's latest prototype is 45,000. The game then becomes one of grabbing volume away from your competition, which, as noted, inevitably leads to price-cutting.

What's more, the $6 million-to-build superwarehouse store, up to 60,000 square feet and boasting little service and the lowest prices, sets off violent price competition wherever it appears. When Super Valu Stores, a food wholesaler, opened one of these warehouse stores, dubbed a Cub Foods store, in Green Bay, Wis., 15 other supermarkets closed within a few months, according to Robert Grottke, of Arthur Andersen, who follows the industry.

"The problem of grocery retailers seems to be that they overreact to competitive situations," says Wallace Iott, chairman of Seaway Food Town. Of course, anyone who doesn't react might be out of business, too. "People cut prices to meet you, and you cut prices to meet someone else, and pretty soon you're down the sewer. It boils down to the fact that the borderline store which is tightly financed will be hurt in these battles."

California-based Thriftimart, a $503 million (sales) firm with half its sales in supermarkets and half in food wholesaling, is considering getting out of the retail business. "In this market over the last two years it's been almost exclusively a price war," says Roger Laverty III, the company's vice president. "In the areas of advertising and operating efficiencies we cannot possibly match the 100-store chains. It's been very tough for us, and we feel we should be concentrating on the other end of our business."

One answer to the price war has been to sell higher-priced or higher-quality goods—bakeries, fish departments or gourmet foods, all within the supermarket. "Whether customers are from high income, middle income or low income, they like the idea," says Alvin Dobbin, senior vice president-operations for Giant Food, a Washington, D.C. chain that emerged from some vicious competition a couple of years ago with its market share up from 32% to 40%.

The difficulties begin when you have to man these upscale counters. Says one East Coast supermarket executive: "The problem with a high-service store is that, for every incremental dollar of sales, you also have an incremental cost to achieve it. These stores have added an expensive labor component to these operations and I think they'll start retrenching."

"If you can generate enough volume and price properly you can cover cost," replies Giant's Dobbin. "It's not inexpensive, but it's the kind of thing that can generate volume."

Why the different approaches? Because the marketplace is changing quickly and there may be no single way to deal with the change. Iott of Seaway Food Town, for example, says: "With so many women working, we find a lot more men shopping than normal, which we don't like. Men have a tendency to buy what their wives tell them to buy. Women are better impulse shoppers. The best shopper is a man, wife and children. The kids might throw a box of candy or cereal in the cart, and the husband throws in a six-pack of beer and a salami. But the man on his own follows the shopping list."

Is that really true? Who can tell? What is certain is that people have to eat. After that, it's anybody's game. ■

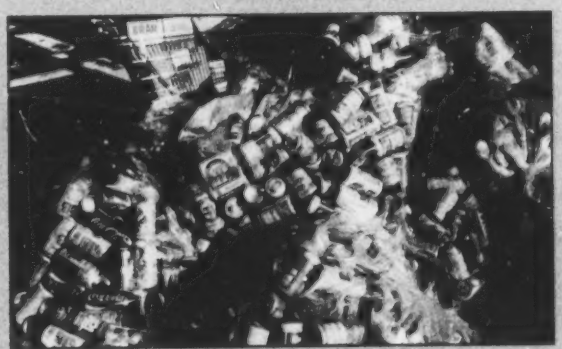
Bottle babies

Last fall New York became the ninth state to pass a so-called bottle bill, which requires a deposit on all cans and bottles for soft drinks and beer purchased in the state. The environmentalists rejoiced. Now, they hope, New York will be a cleaner place, as an incentive is created to keep old bottles and cans from littering the streets and sidewalks.

But New York City's supermarkets aren't rejoicing. "It's a disaster," says Howard Tisch, executive secretary of the Greater New York Metropolitan Food Council. "There's time required for the sorting procedure, the bottles take a substantial amount of space, and you have sanitary problems."

Still, the storemen are complaining about something they used to do without complaint. Before the creation of no-return bottles, most containers were returned. The retailers' answer: Bottle sorters didn't cost $5.50 an hour in the old days.

For every bottle or can redeemed—and there were over 3 billion containers sold last year in metropolitan New York—a store gets back 1.5 cents from the bottler. The supermarkets say it costs them more like 3 cents to redeem each bottle or can. If that sounds like small change, look at one New York retailer, Shopwell, which has 64 stores in New York and Connecticut, another bottle-bill state. Shopwell says it redeems about 800,000 containers a week, which amounts to over 40 million a year. Multiply that times a penny and a half per container and you have a cost to the chain of $600,000, and Shopwell earned only about $1.4 million in 1983's first three quarters.

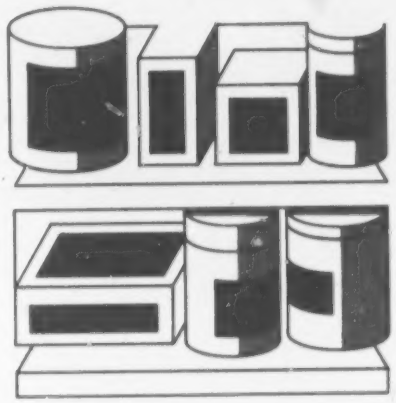


Carting off returned bottles and cans **1.5 cents a bottle is hardly enough.**

Says Glen Rosengarten, the firm's chief operating officer, "Everyone loses all the way around. The beverages ultimately cost more money to the consumer. It's a dead loss to us, and a real economic burden."

But then, possibly, Mr. Rosengarten never got a flat tire on a cold winter's night after having run over a beer bottle in the street. Bottle laws are probably here to stay, and retailers would do well to find ways to cut the costs of collection.—R.G.

"A close attention to your shop and application to business will always secure more than an equal share because every competitor will not have those qualities."



Retailing

By Howard Rudnitsky

IF 1983 WASN'T THE BEST of times, it was a reasonable facsimile. Fueled by the economic recovery and growing consumer confidence, dollar sales in the nation's major general retailing chains showed gains of 15% and better over the year before. Better yet, the dramatic slowdown in the push on costs and lower interest rates, which slashed the costs of carrying inventory, produced a profit bonanza. The median returns on equity and total capital in the last 12 months, the Forbes Yardsticks show, were running more than 10% ahead of the five-year averages and far ahead of all industry performance. And the end isn't in sight.

Selling sofas and security at Sears
At last, all systems go!

At Sears, Roebuck, Edward Brennan, chairman of the $23 billion (sales) merchandising group, beams: "Our durable goods business, particularly appliances, has been strong all year. Since October the strength has spread to all our major lines of business. It's the first time in more than two years that has happened. There is no question business is a lot better than a year ago, and we expect it to stay that way in 1984 as well."

In only nine months of 1983 Brennan had pushed merchandising profits (excluding credit interest earnings) to $320 million, or 200% ahead of the year before, and record profits for the year ending Dec. 31 are as good as gift wrapped after a merry Christmas at Sears' 816 department stores.

"When you've streamlined your operations and improved many things, as we have in the last couple of years, and then when you get the volume to go with it, there's a great deal of leverage in our business," Brennan says. Among those improvements: product lines like computers and financial services and a heavier inventory of the higher-margined goods Sears wants to sell instead of a little of everything. Brennan also plans to spend $1.7 billion over five years and make over his 600 full-line stores so they project today's popular specialty-shop look.

The nation's largest discounter, K mart, with sales pushing toward $19 billion in the fiscal year ending Jan. 31, 1984, and profits probably doubling last year's $262 million, is also trying to upgrade its image, with refurbished stores and more nationally branded merchandise.

But leading the pack in sales gains among the billion-dollar-plus chains, as usual, was Sam Walton's discount juggernaut, Wal-Mart. His 642 stores

in small cities and towns in 19 southern and midwestern states are chalking up a 35% sales gain, to push past $4.5 billion, and probably a 50% earnings increase on top of the sizable increase recorded in the 1982 recession. That's after a two-year effort to digest 92 Big K stores (no relation to K mart), acquired in 1981 and once losing money or barely profitable.

At Dayton-Hudson (second in growth and profitability on the Forbes Yardsticks), where sales are running better than 20% ahead of 1982, President and CEO Kenneth Macke says: "In 1983 our department store business has been rolling real well. The consumer is buying fashion apparel and many other lines like electronic goods. Coupled with strong sales growth in our discount, specialty and soft-goods promotional chains—Target [the discount chain], Lechmere [electronics] and Mervyn's [soft goods]—the outlook to us is optimistic." That goes for 1984, too. "Consumer confidence and incomes have been restored to much higher levels," Macke says, "so it looks like two back-to-back good retailing years."

McProfits
If beef prices rise, try chicken.

Even F.W. Woolworth, which bit the bullet and ended its Woolco discount operation in 1982, was pushing up profit margins and looking like a survivor. And Montgomery W d, the longtime moneyloser—which, because it is part of the Mobil empire, isn't listed in the Yardsticks despite its $5.5 billion in retail sales—appears to have at last steered to break-even under CEO Stephen Pistner, brought over from Dayton-Hudson several years ago.

But better times don't necessarily mean less competition. Macke of Dayton-Hudson says that the country is probably still overstored: "You look at all the different kinds of retailing operations that have come along in recent years, over the past 25 years really. Retail square-footage has grown faster than the number of customers, and that has created a very competitive environment."

Adds Francis Rooney Jr. of Melville Corp. (shoes, clothes, drugs, toys): "Everyone seems to be looking to get into retailing markets or the segments that others are already in, like into off-price branded apparel and specialty retailing. But that is continuous. In the end the better retailers will win out, and some others are going to get hurt."

So who is going to get hurt? Will it be the department stores with their high costs? The discounters at the cheap-stuff end of the scale? The giant chains that seem to depend on ever-

The flap over fair trade

Department stores are losing some business to specialty chains, discounters and off-price outlets. The rawest rub is in brand-name clothing, those Calvin Klein or even-tighter Jordache jeans. These high-priced items have produced pay-the-rent profits for the big stores. They haven't liked losing sales and cachet to their mark-it-down competitors.

So it's no surprise that the department stores struck back on legal and political fronts. Retailers such as Federated, the nation's largest department store chain (Bloomingdale's, Filene's, Bullock's, Abraham & Straus), Allied Stores (Jordan Marsh, Brooks Brothers, Bonwit Teller) and others are privately and publicly threatening suppliers: Sell the same ritzy labels to discounters and the off-price gang and you shall darken our doorways no more.

The lower-priced chains such as Toys "R" Us, Burlington Coat Factory Warehouse and K mart see this as an attempt to freeze them out of those fancy labels and allow the department stores to keep the prices and markups high. Lawsuits ensued. Toys' feisty chairman, Charles Lazarus, in 1983 sued Federated Department Stores (which just happens to be competing directly against Lazarus' new Kids "R" Us children's clothes chain) on antitrust grounds and also sued two apparel suppliers, Izod (anything with an alligator on it) and Absorba (children's clothes). There were cross suits and, recently, the suits were dropped. Burlington Coat also sued Federated. In 1982 Jordache sued K mart for selling "inauthentic"—read low-priced—apparel. That suit, too, was settled.

In 1983 K mart struck back politically, encouraging more than 1 million customers to sign its petition demanding that price maintenance should be considered against existing law and the will of Congress. This aimed at countering the feeling that the department stores and manufacturers had the ear of William Baxter, former head of the Justice Department's antitrust division. Baxter was on record as saying that not all retail price maintenance arrangements should be considered illegal and he asked the Supreme Court to relax current resale price maintenance law in a specific case, *Monsanto* v. *Spray-Rite*, which involves herbicides. He argued the Court should do the same in other cases.

An infuriated Congress then sent legislation to President Reagan specifically prohibiting the Justice Department from using funds to overturn or change laws banning resale price maintenance.

But the battle between the department stores and the discounters will not be decisively won or lost in the courts. One retailer with a foot in both camps, Kenneth Macke, president of Dayton-Hudson—with department stores and discount stores and low-prices-on-ritzy-labels stores—puts it this way: "In the end it's the consumer who is going to decide where and whose merchandise he or she wants to buy, not suppliers or retailers. Consumers don't know or care about profit margins. They are going to opt for lower prices and better value. The store with good value and selection is going to survive."—H.R.

increasing sales? It's not the label but the style, says Rooney. He points to Edward Finklestein, CEO of Macy's, leader in profit growth among the department stores. "Finklestein's got excitement into his department stores that other department store merchants don't seem to be able to duplicate. It's more important to look at who are the best merchants in their category versus the mediocre merchants. No one group is likely to knock the other group out. There will be a place for all kinds of superior retailers, but not for inferior ones."

That means the recovery has bought time for a number of subpar retailers, but unless they find the proper blend of marketing skills, they will have their backs to the wall the next time business falters. Francis Rooney quotes a letter written in 1773 to Sam Franklin, a retailer in Philadelphia. Business wasn't too

Specialty retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Drug chains												
American Stores	1	23.6%	25.6%	0.7	6	15.5%	14.2%	1.3%	1	52.8%	3	23.2%
Rite Aid	2	22.6	22.6	0.1	1	20.2	20.1	4.2	5	17.9	4	21.6
Revco D S	3	20.8	21.3	0.1	3	17.7	18.2	3.8	4	18.9	5	19.0
Walgreen	3	20.8	23.2	0.2	5	15.7	18.8	3.0	10	9.8	1	24.1
Pay Less Drug NW	5	20.7	18.8	0.8	7	13.1	11.4	2.6	2	22.6	7	17.3
Longs Drug Stores	6	18.9	17.5	0.0	2	18.8	16.9	2.9	7	15.3	9	11.2
Jack Eckerd	7	17.1	13.5	0.0	4	16.6	13.1	3.1	3	18.9	8	11.7
Peoples Drug Stores	8	16.4	17.8	0.5	8	13.1	13.0	1.7	8	14.1	2	23.5
Thrifty Corp	9	16.1	18.4	0.9	9	11.6	12.1	1.9	9	11.0	6	18.5
Pay'n Save	10	13.4	13.3	1.2	10	10.0	9.2	2.0	6	16.2	10	4.8
Medians		19.8	18.6	0.4		15.6	13.7	2.8		17.1		18.8
Fast food chains												
Wendy's International	1	24.8%	19.5%	0.4	1	20.0%	14.7%	7.8%	1	42.0%	2	24.3%
McDonald's	2	22.8	21.7	0.6	2	13.3	13.3	11.4	5	15.9	4	18.4
Marriott	3	21.0	20.3	1.3	5	10.8	9.3	3.8	3	18.6	1	26.6
Jerrico	4	17.8	14.0	0.5	3	13.0	10.8	4.6	2	22.0	3	18.7
Denny's	5	17.5	17.1	1.0	6	10.3	10.7	3.8	4	18.3	6	9.9
Saga	6	15.6	22.3	0.4	4	11.2	17.3	2.4	6	14.4	5	10.9
Medians		19.4	19.9	0.6		12.1	12.1	4.2		18.5		18.6
Other specialists												
Tandy	1	45.2%	29.3%	0.1	1	28.8%	25.9%	11.2%	9	19.2%	1	34.3%
Limited	2	33.2	40.0	0.5	3	23.8	25.5	5.1	1	31.8	3	28.9
Toys "R" Us	3	25.5	20.6	0.1	6	21.1	19.3	6.2	4	27.9‡	2	32.6‡
Melville	4	25.3	21.6	0.2	2	23.9	21.2	4.2	10	18.0	8	16.3
Avon Products	5	23.5	14.9	0.2	4	23.1	11.7	6.0	15	12.1	17	3.4
Petrie Stores	6	21.8	16.6	0.0	5	21.5	16.1	7.3	18	9.4	12	6.4
Cole National	7	20.9	16.5	0.8	10	14.3	11.3	2.5	2	29.6	6	18.2
Payless Cashways	8	20.4	21.8	0.4	7	15.3	17.1	4.1	5	27.8	4	20.1
Service Merchandise	8	20.4	18.4	0.9	11	13.3	11.8	2.6	3	28.9	9	14.7
Nordstrom	10	18.0	18.6	0.5	12	12.9	13.5	5.1	8	19.9	7	16.9
Brown Group	11	17.5	17.5	0.2	9	14.4	15.1	4.4	17	9.4	5	19.1
Edison Bros Stores	12	17.1	15.0	0.2	8	14.4	12.8	4.0	16	9.9	13	6.0
Best Products	13	14.2	12.8	1.0	15	9.3	6.6	1.6	6	24.7	14	5.7
Gordon Jewelry	14	14.2	9.2	0.4	13	12.1	8.1	4.2	11	16.5	10	12.0
General Host	15	13.9	13.1	0.9	19	8.3	7.6	2.1	23	-2.8		D-P
H J Wilson	16	12.1	5.3	1.2	17	8.9	5.2	1.3	7	22.6	16	3.6
Morse Shoe	17	11.5	15.0	0.6	14	10.0	11.5	3.2	14	12.4	19	3.0
Levitz Furniture	18	11.2	12.2	0.9	20	7.8	8.5	3.0	22	5.3	11	11.8
ARA Services	19	10.9	10.2	0.5	18	8.7	8.5	1.8	13	13.3	18	3.1
Zale	20	9.7	5.0	0.4	16	9.1	5.4	2.1	21	5.6	15	4.6
Pittston	21	4.7	def	0.4	23	4.6	def	def	19	7.8	21	-23.4
Beneficial Corp	22	4.1	9.1	4.0	21	5.1	5.9	3.8	20	5.8	20	-19.2
Genesco	23	3.9	def	1.6	22	4.7	3.7	0.2	24	-7.2		D-P
Wickes Cos	24	def	def	NE	24	def	def	def	12	15.8	22	P-D
Medians		15.7	15.0	0.5		12.5	11.4	3.5		14.6		9.1
Industry medians		17.7	17.3	0.5		13.1	12.0	3.2		16.4		15.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 58.
‡Four-year growth. P-D: profit to deficit. D-P: deficit to profit; not ranked. def: deficit. NE: negative equity.

good, and the competition was tough. Sam's brother, Ben, wrote him from England: "I would not have you discouraged at the little dullness of business, which is only occasional. A close attention to your shop and application to business will always secure more than an equal share because every competitor will not have those qualities. Some of them, therefore, must give way to you, and the constant growth of the country will increase the trade of all, that steadily stand ready for it."

Specialty retailers

Specialty chains echoed the success of the general retailers with profits swelling 20% to 25% over 1982, though laggards there were. Take the retail drug chains. Overall, the Forbes Yardsticks show, drug chain profitability remained above the industry medians. An upsurge in highly profitable prescription drug sales produced sizable profit gains in chains such as Revco D.S., Walgreen, Pay Less Drug Northwest, Longs Drug and Pay'n Save. But Florida-headquartered Jack Eckerd had little earnings gain despite a 12% sales jump.

At the fast food chains, the griddles were sizzling again after more than a year on the back burner. They lured customers with new treats. McDonald's, for example, the industry sales ($3 billion) leader, successfully cooked up Chicken McNuggets to mix with its hamburgers. Arch competitor Burger King, owned by Pillsbury, turned up the heat with its name-thy-enemy (McDonald's) advertising, salad bars and cut-rate coupons to lure customers. Wendy's showing was respectable enough, but 1983 profit gains didn't match its five-year average, which has earned it the number one post in the Yardsticks.

Other specialty retailers like Tandy in electronics and computers, Toys "R" Us, Melville in shoes, apparel and drugs, Payless Cashways in home remodeling, and The Limited and Nordstrom in women's clothes continued to prosper in 1983. And Levitz Furniture, with a housing recovery at its back, has turned itself around.

But some haven't adjusted to changing times. Avon Products, in the postliberation era, has had trouble recruiting competent door-to-door saleswomen, and then they have trouble finding women at home to sell to. Avon's profit ratios on the Yardsticks are running at half its five-year average. Some of the catalog showroom firms, such as H.J. Wilson, and the jewelry chains haven't fully recovered from the recession. But if the pickup intensifies in 1984, even they may be swept along with it. ■

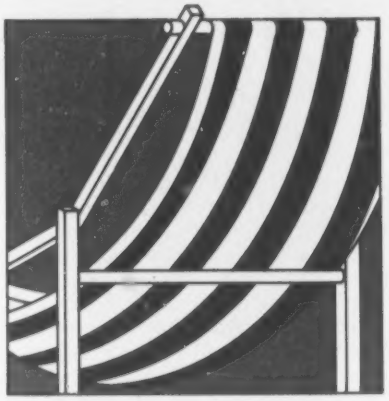
General retailers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Department stores												
R H Macy	1	20.0%	22.3%	0.2	2	14.3%	17.1%	5.4%	5	12.8%	1	21.9%
Dayton-Hudson	2	17.9	16.5	0.5	1	14.7	12.6	3.4	2	19.1	5	9.3
Mercantile Stores	3	15.8	16.4	0.3	3	12.4	13.4	5.0	7	12.1	3	13.5
Dillard Dept Stores	4	15.1	20.8	0.8	8	9.3	12.8	3.7	1	19.6	2	16.8
May Dept Stores	5	14.5	16.3	0.5	5	10.0	10.7	4.2	10	9.8	7	7.8
Federated Dept Stores	6	14.2	14.6	0.3	4	11.6	11.4	3.7	8	10.2	6	8.1
Allied Stores	7	12.5	13.8	0.9	10	9.0	9.0	3.4	11	8.9	9	6.4
J C Penney	8	11.9	12.6	0.4	7	9.5	9.8	3.5	13	5.9	10	5.9
Strawbridge & Clothier	9	10.9	12.9	0.8	11	8.1	9.0	3.6	9	10.1	4	9.8
Carson Pirie Scott	10	10.7	11.7	0.9	12	8.1	8.3	2.2	4	13.4	11	4.2
Associated Dry Goods	11	10.6	12.9	0.6	6	9.7	10.5	2.8	6	12.6	8	7.5
Sears, Roebuck	12	9.9	13.3	0.6	9	9.2	10.9	3.5	12	6.9	12	1.8
Carter Hawley Hale	13	9.3	8.0	0.9	13	6.4	5.9	1.6	3	14.3	13	–2.2
Alexander's	14	1.4	7.9	1.1	14	2.7	5.3	0.9	14	5.7	14	–28.3
Medians		**12.2**	**13.6**	**0.6**		**9.4**	**10.6**	**3.5**		**11.2**		**7.7**
Discount & variety stores												
Wal-Mart Stores	1	33.1%	33.0%	0.7	1	21.5%	21.1%	4.0%	1	37.3%	1	35.6%
SCOA Industries	2	27.5	20.7	0.9	2	17.2	13.3	3.0	6	11.7	2	23.3
Heck's	3	14.6	6.3	0.7	4	9.7	6.2	1.6	2	16.8	5	10.0
Rose's Stores	4	14.0	21.3	0.1	3	12.4	18.9	2.5	8	7.0	4	21.9
Zayre	5	13.6	17.2	0.8	5	9.4	11.6	2.1	7	9.8	3	23.2
K mart	6	12.9	15.2	0.9	6	9.3	10.3	2.3	4	13.0	7	3.9
Household Intl	7	11.8	13.5	2.1	7	6.8	7.3	2.5	3	14.1	8	0.9
G C Murphy	8	7.9	11.1	0.5	8	6.3	8.2	1.8	10	5.7	6	4.9
F W Woolworth	9	4.4	14.1	0.5	9	4.2	10.4	2.6	11	4.3	9	–16.4
Cook United	10	def	def	2.1	10	3.0	0.7	def	9	6.4	10	D–D
HRT Industries	11	def	def	7.5	11	def	def	def	5	11.8	10	D–D
Medians		**12.9**	**14.1**	**0.8**		**9.3**	**10.3**	**2.3**		**11.7**		**4.9**
Industry medians		**12.5**	**13.8**	**0.7**		**9.3**	**10.4**	**2.8**		**11.7**		**7.5**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
D–D: deficit to deficit. def: deficit

Forget the disaster in videogames. Place your bets on the upturn in casinos. And, at long last, watch for one in the hotel business and the photographic business.



Leisure

By Barbara Ettorre

DISASTER STRUCK THE leisure industry in 1983. Cartridge-game manufacturers overestimated retail sales by some $1.3 billion and everybody choked on inventories. The take at the nation's coin-operated game arcades collapsed to $3 billion from $7 billion the year before. That was a body blow to Mattel and Warner Communications' Atari, to Bally in the coin-operated sector and to Milton Bradley. It was also bad news for Coleco. Its relatively late entry into the field helped keep inventories low, but even this might not protect it since sales have tapered off.

Travelers in a busy hotel lobby
Will they be here all year?

But don't read too much into the decline. It afflicted only one segment of the leisure industry. Elsewhere in this industry things remained pretty good. General Cinema reported a return on equity of 54.3%. Although most of this reflects a one-time capital gain from the sale of its Miami TV station to Taft Broadcasting in April, General Cinema's soft drink bottling and film exhibition businesses stayed as profitable as ever. In a quite different field, once-moribund Fleetwood Enterprises more than doubled its 12-month return on equity to an impressive 31.9%. This came on the strength of sharply improving sales of recreational vehicles and superbly designed, low-cost manufactured housing.

Meanwhile, there was continuing strength in Atlantic City casinos despite the recession, a surprising resurgence in Nevada gaming (casino winnings were up almost 10% in Las Vegas, to $1.9 billion) and strong convention business in Las Vegas. There is also the prospect of a turnaround in the lodging business after more than three years in the doldrums, as salesmen hit the road in a recovering economy.

The hotel business did feel the recession, but hoteliers saw occupancy rates recover almost 2% last year over 1982, spurred by a travel boomlet that began in the third quarter. Of course, that is from a sorely depressed base. The hotel business was hurting badly for most of 1982 and early 1983, when only 64% of the available 2.2 million to 2.5 million rooms were occupied. That hovered at the industry breakeven range of 60% to 64%. (Marriott and Holiday Inns were able to take this in stride because of widespread pruning of older units at Holiday and continuing heavy expansion and cost efficiencies at Marriott.)

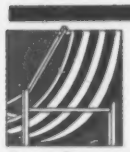
Current travel industry forecasts call for 69% occupancy rates this year, which is close to peak 1979 conditions. Splashy events like the summer Olympics in Los Angeles and the presidential elections this year will help keep rooms filled.

William H. Edwards, president of the hotel division of Hilton Hotels Corp., notes October 1983 was the best earnings month in the history of the company. He adds: Hilton has seen a surge in advanced bookings for conventions in 1984, and a "good pace" in 1985 and 1986 bookings.

But many negatives remain: Revenues from foreign visitors, down about 12% in 1982, are expected to stay down for 1983 because of the strong dollar. Nor can the hotel industry expect quite as much help from airline travel packages with the airline industry in the shape it's in.

Add to that a 2% increase in available rooms, and it amounts to saturation, particularly in high-priced lodging. Marriott Chairman Bill Marriott Jr. blames foreign competition, such as Trust House Forte, Air France's Meridien Hotels and Aer Lingus' Dunfey Hotels, all of which are opening high-end hotels (room rates of $100 to $200 a day) in the U.S. "These hotels have high construction and operating costs and no appeal to the ordinary pleasure and convention market," he says. "It takes some cream off regular hotels." Like Marriott's moderately upscale hotels, that is.

Of course, Marriott's main, slightly downscale, domestic competitors are



doing the same thing. In the name of luxury segmentation (using a different brand name and image) ailing Ramada Inns has constructed ten pricier Renaissance Hotels, and Holiday has built four Crowne Plaza hotels.

Marriott, for his part, hasn't been idle either. He's continuing to expand the chain's traditional hotel space by about 20% this year and next, but he is also experimenting with lower-priced, nonconvention lodging with several Courtyard hotels that offer rooms for $45 to $55 a night, vs. $70 to $100 for Marriott rooms. This year, Holiday Inns will also launch a budget strategy, with a no-frills, scaled-down chain offering rooms at $35 and less.

Casino properties continue to be a gold mine. But because of extraordinary factors, you wouldn't know it from looking at the latest 12 months of Caesars World (which took a $10 million loss in one quarter on a cash-flow savings bond swap) and MGM Grand (which is still paying part of the $75 million settlement from the 1980 fire at its flagship hotel and trying to clean up its balance sheet), or Resorts International (whose latest 12-month profitability was badly damaged by losses on metals futures trading—a side venture Resorts now wants no more of).

These setbacks were alleviated by the fact that gaming income was up 18% over 1982 in Atlantic City, to $1.8 billion. But the surprise was the strong performance in Nevada. "It looks like America can sustain two major gaming capitals," says Laventhol & Horwath partner and leisure expert Saul F. Leonard.

Casino operators may be smiling, but look at the erstwhile favorites with long faces: Walt Disney Productions (whose theme-park earnings are burdened with huge film and television losses), Eastman Kodak (hit with a dropoff in overseas sales) and Polaroid (suffering from the same depressed photographic market plus lower film sales). But those faded favorites have fairly bright recovery prospects this year. Only in the once-hot videogames segment did things continue to look dismal as the new year dawned. A fad is a fad is a fad. ■

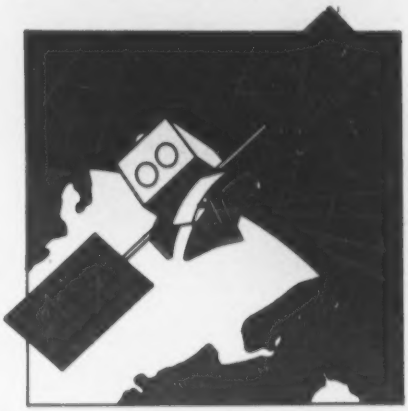
Leisure

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Hotels and gambling												
Hilton Hotels	1	23.4%	18.6%	0.3	2	17.5%	13.2%	17.0%	6	8.7%	4	21.7%
Resorts Intl	2	22.7	10.1	0.6	1	18.0	8.3	5.9	1	32.8	3	24.9
Marriott	3	21.0	20.3	1.3	3	10.8	9.3	3.8	3	18.6	2	26.6
MGM Grand Hotels	4	20.7	NE	1.1	5	9.9†	5.7	5.5	5	11.2	6	5.9
Caesars World	5	15.9	def	1.4	6	8.6	3.1	def	2	29.8	1	50.3
Holiday Inns	6	12.5	12.6	0.5	4	10.2	10.0	7.9	7	7.6	5	12.5
Del E Webb	7	3.7	0.7	0.8	7	5.3	3.9	0.2	8	2.0	7	–13.5
Ramada Inns	8	def	def	3.3	8	3.3	4.3	def	4	12.3	8	P–D
Medians		18.3	5.4	1.0		10.1	7.0	4.7		11.8		17.1
Entertainment												
General Cinema	1	29.2%	54.3%	1.6	1	15.8%	22.0%	10.1%	3	14.2%	1	24.6%
Warner Communications	2	18.1	def	0.3	3	14.0	def	def	2	25.3	2	9.4
MCA	3	16.3	15.7	0.0	2	15.0	14.7	9.9	5	10.8	4	7.6
MGM/UA Entertainment	4	14.1†	13.1	1.8	4	10.5†	7.2	5.5	1	28.9	5	4.0
Walt Disney	5	10.8	7.2	0.2	5	9.7	5.8	7.1	4	11.7	3	8.6
Medians		16.3	13.1	0.3		14.0	7.2	7.1		14.2		8.6
Recreation												
Coleco Industries	1	59.7%	44.2%	0.8	1	35.2%	27.0%	6.9%	2	25.3%		D–P
Tandy	2	45.2	29.3	0.1	2	28.8	25.9	11.2	4	19.2	1	34.3%
Brunswick	3	20.4	10.3	0.4	7	11.8	10.7	4.1	11	4.5	3	19.9
Bally Manufacturing	4	20.4	5.4	0.6	4	16.1	6.2	2.4	1	32.2	2	26.2
Eastman Kodak	5	18.3	11.7	0.0	3	17.2	10.6	7.8	7	12.4	5	9.4
American Greetings	6	15.8	15.7	0.3	6	12.0	12.4	6.3	5	15.9	4	15.2
Milton Bradley	7	13.8	2.0	0.1	5	12.2	2.6	1.1	6	13.7	6	9.3
Fleetwood Enterprises	8	11.4	31.9	0.0	8	11.2	31.0	4.2	8	8.1	7	6.1
Outboard Marine	9	7.9	11.8	0.3	10	6.9	9.8	5.0	10	5.6	8	0.2
Skyline	10	7.2	6.9	0.0	9	7.1	6.8	2.5	12	2.4	9	–2.6
AMF	11	6.5	def	0.4	11	5.4	def	def	13	1.9	10	–6.8
Polaroid	12	4.5	3.7	0.1	12	4.8	4.1	2.7	9	6.5	11	–11.0
Mattel	13	def	def	0.4	13	3.2	def	def	3	21.9	12	P–D
Medians		13.8	10.3	0.3		11.8	9.8	4.1		12.4		7.7
Industry medians		15.9	10.2	0.4		11.0	7.8	4.6		12.4		9.3
All-industry medians		15.1	12.5	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average. P–D: profit to deficit. D–P: deficit to profit; not ranked. def: deficit. NE: negative equity.

Now that AT&T is broken up, the question is access charges. For the consumer, nevertheless, costs will go up and service down.



Telecommunications

By Pamela Sherrid

IT FINALLY HAPPENS: On New Year's Day AT&T divests itself of the local Bell operating companies. The breakup of AT&T, that once-in-a-lifetime event, is a reality.

So far the sky shows no sign of falling, but the excitement level could really pick up if the struggle over long-distance rates goes awry.

The most dramatic change on the Forbes Yardsticks *(p. 238)* took place at Rolm, a manufacturer of office switching systems like private branch exchanges (PBXs) and general-purpose military computers. But AT&T's D (for divestiture) Day had nothing to do with Rolm's precipitous drop in profits in 1983. Rolm's aging product line encountered fierce competitive pricing pressures in the PBX market from companies like Northern Telecom. The situation was exacerbated in the recent quarter by the AT&T strike, which slowed down Rolm installations, and by a new product's initial shipment delay caused by bugs in the software.

Nevertheless, Rolm's prospects have never looked better, thanks to two related events. In June, to the industry's surprise, IBM paid $228 million for a 15% stake in the lagging PBX maker. IBM's motivation became clear later in the year when Rolm announced a new-generation PBX capable of switching extremely large amounts of information between telephones and computers. The new product, the result of heavy research and development spending by Rolm, is expected to play a key role in IBM's office automation strategy.

Though all the independent telephone companies on the main list—Centel, United Telecommunications, Continental Telecom, GTE and Southern New England Telephone—have diversified into unregulated businesses, as the seven Bell operating companies hope to do, for now the greater part of their revenues still comes from telephone operations.

In those utility operations, the recession slowed down the pace of local line installments and of long-distance toll unit growth as well. Because the telephone industry tends to lag the economy as a whole by six to nine months, these companies for the most part didn't begin to benefit from the recovery until the second half of 1983. "In the third quarter, our toll unit volume was up 9.5%, the strongest move since 1981," reports Robert Reuss, chairman of Centel. In 1984 the industry should experience the full bloom of the recovery, with unit toll volume rising 10% to 15%.

For now, the independent telephone companies receive their portion of the long-distance pie through a negotiated settlements process with AT&T that generally gives them over 50% of their total revenues. The industry earned less than its federally authorized 12.75% rate of return on its long-distance business in 1983, in part because traffic volume turned out to be less than was anticipated.

But D Day also played a role in that subpar return. Normally the industry would have gone back to the FCC to ask for higher rates. But, as Paul Henson, chairman of United Telecommunications, explains: "We knew that

Bell before the bell

Institutional investors are hesitant to buy stock in the new Bell entities until it is actually issued later this year. Most of the brisk when-issued trading comes from individuals seeking to lock in the high yields shown below and, presumably, a capital gain as well once the institutions start buying.

Company	Recent price	1984 estimated EPS	P/E	Estimated yield on common	Historical % increase 1981-83* revenues	Historical % increase 1981-83* earnings	Return on equity	Profit margin
AT&T (postdivestiture)	20½	$ 2.02	10.1	5.9%	NA	NA	NA	NA
Ameritech	62¾	9.47	6.6	9.6	10.3%	22.2%	12.7%	11.7%
Bell Atlantic	66⅛	9.69	6.8	9.6	16.4	25.6	12.7	12.1
BellSouth	88⅛	12.21	7.2	8.8	14.2	19.7	13.5	13.3
NYNEX	60⅝	9.54	6.4	9.9	15.8	14.4	12.8	10.3
Pacific Telesis	54⅛	8.00	6.8	9.9	15.8	122.7	14.5	12.4
Southwestern Bell	59¼	8.93	6.7	9.4	15.9	13.7	12.0	11.3
US WEST	57⅛	8.96	6.4	9.5	11.9	11.4	12.4	12.0

*December 1981 to June 1983. NA: not available.

Sources: Divestiture prospectus; FORBES.

right after divestiture, AT&T's long-distance rates were supposed to come down as more of the burden for local service was shifted to the local user. It didn't make sense to raise long-distance rates and then lower them soon after. So we've been accepting a lower than allowable rate of return."

Nearly ten years ago some of the larger independent telephone companies started to diversify in anticipation of the day when their long-distance revenues might shrink. But with little success to date.

One notable exception is Continental, where, in the first nine months, earnings from nonutility operations tripled. That was thanks to Continental's business systems group, which includes Executone, a national distributor of communications equipment for small businesses.

The new, lean and mean AT&T also now finds itself in both regulated markets (long-distance telephone service, which will account for over 50% of 1984 revenues) and deregulated ones (for example, telephone equipment and software systems sales). In both worlds it is facing major uncertainties. On the hardware side, its manufacturing arm, Western Electric, finally has a digital central-office switch to offer to the new Bell operating companies and the other independents. But Western has lost ground in the central-switch market to Northern Telecom, which was the first to produce a local digital switch. Northern already has a sizable share of the independent market and is likely to sign many contracts with the new Bell companies.

The end-user or "customer premises" market is even more wide open. Here AT&T does not yet have a full product line. Its flagship product is the System 85 PBX, which got off to a less than glorious start when first introduced last January. Sales stepped up when enhanced versions were introduced later in 1983.

Significantly, AT&T also announced cooperative arrangements with Wang and Hewlett-Packard designed to integrate the System 85 with their computer products. This is the first time that AT&T has opened its specifications to other vendors, and it's a clear signal that Ma Bell intends to lock horns with IBM in its decision to back Rolm. Though the two giants are moving from different strengths, both realize that compatibility between PBXs and computers is necessary to make the office of the future happen.

There's a wild card in the "customer-premises equipment" market. It's the new regional Bell companies to which Judge Greene returned the right to sell, but not manufacture, telephone equipment. The Bell babies are not all that wild about marketing the same equipment as AT&T. The result is a bonanza for other manufacturers, including offshore ones, which have already lined up Bell baby contracts. "No doubt it's an opportunity for lots of competitors to exploit a new channel of distribution," admits William Buehler, a vice president at AT&T Information Systems.

The greatest short-term uncertainty in this industry is the long-distance business, which was turned into a political football late in the predivestiture process. Now there is a strong possibility that Congress will soon overrule the FCC's ideas about who should pay for long-distance calls.

Gallons of ink have already been spilled explaining this "access charge" controversy. Actually, it isn't all that complicated. The FCC's decision, announced last August, was very favorable for AT&T. The amount that AT&T would have to pay local telephone companies for originating and completing long-distance calls would drop by about 25%. Part of that cost would be taken up by consumers through flat monthly access fees. The remainder—at least for a few years—would be borne by competing long-distance carriers, such as MCI and GTE's Sprint, whose payments to local phone companies would nearly double.

The FCC wants to end the subsidy of local service by long-distance service, so the industry will base pricing on actual costs. That way the big long-distance users would stop deserting existing common carriers in increasing numbers in favor of cheaper, private networks. The Bell regional companies and the independents quite agree. "Local service has got to stand on its own bottom," says United Telecommunications' Henson. "If we don't go to access charges, the little old ladies will be left to pay the bills all by themselves, and the cost

Telecommunications

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
ROLM	1	41.4%	10.9%	0.1	1	38.3%	10.5%	5.9%	1	65.9%	1	57.9%
MCI Communications	2	30.6	28.1	1.1	2	18.2	13.6	14.6	2	65.2		D–P
Centel	3	17.9	16.8	0.8	4	7.9	7.7	9.0	4	17.4	2	8.1
United Telecom	4	16.9	14.7	0.9	3	8.1	7.4	8.7	5	14.2	5	6.0
Continental Telecom	5	14.6	14.3	1.0	5	7.5	7.2	8.1	3	17.5	4	6.6
GTE	6	14.3	15.6	0.9	6	7.5	7.8	7.4	8	9.8	6	5.1
So New England Tel	7	12.8	14.4	0.5	8	7.3	7.9	10.1	6	12.3	3	7.6
American Tel & Tel*	8	12.3	10.2	0.5	7	7.4	6.5	9.7	7	11.7	6	5.1
Western Union	9	6.1	9.1	0.7	9	6.0	7.2	8.3	9	8.0	8	3.7
Industry medians		14.6	14.4	0.8		7.5	7.7	8.7		14.2		6.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
*Data are on predivestiture basis.
D–P: deficit to profit; not ranked.

will be much higher than anyone is talking about now."

MCI and the other non-AT&T long-distance carriers obviously agree that the cost of access to long-distance carriers should be shifted from them to the local consumer. But naturally they are fighting like mad to avoid having to pay more during the intervening years—from 1984 to 1987—as they would have to under the FCC plan. "That's anticompetitive and blatantly unfair," says MCI President Orville Wright.

At the moment MCI has a 45% discount from AT&T because it gets an inferior-quality interconnection with the local operating companies. In the next few years the local companies will be upgrading their connections with non-AT&T carriers, so MCI will gradually be paying what AT&T does. That is fine with MCI—especially if AT&T's costs go down as the local consumer takes on more of the costs through rising access fees.

If the access fees go through as the FCC has structured them, though, MCI will have a tough few years. In 1984, increased payments to local operating companies would cut its operating margins in half. And the company would get hit by a double whammy: AT&T has already announced its intention of using its cost savings to reduce its long-distance rates by an average of 10.5%. That would force MCI to make a price cut about half as big to prevent the differential between it and AT&T from eroding too much. Wright says that price cut would take another two percentage points off MCI's margins, leaving it with so little profit that it would put a severe crimp in the company's capital spending plans. "That's just the way AT&T planned it," he says grimly.

Meanwhile, the battle in Congress appears to focus on consumer outrage over new access charges. However this battle is resolved, higher local rates seem inevitable. Even if Congress votes against access fees for now, the local operating companies are going to need lots of rate increases just to modernize their obsolete plants. True believers in the benefits of deregulation expect increases in local prices to be more than offset by long-distance savings, though, of course, that is yet to be seen.

In the meantime, prepare for deteriorating service. It's quite alarming, in fact, just how many top executives in the industry are predicting it. "So you're having trouble getting a dial tone?" asks one. "Get used to it; it's going to get worse." ■

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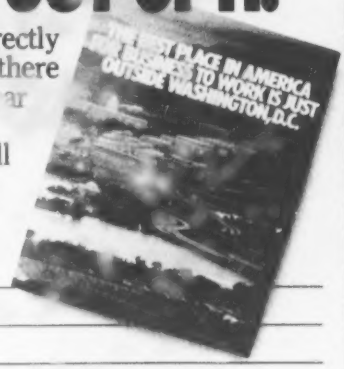

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Don't count out the networks. With the Olympics and the presidential elections coming up, this may be their year.

Broadcasting

By Thomas Jaffe

HAVE THE NETWORKS hit bottom? In just four years, 1978 to 1982, the three television networks' share of the prime-time audience fell from 93% to 79%. But in 1983 the decline bottomed out. And in 1984? Well, there are the Olympics and the national elections coming up. Between them, they ought to insure the networks a satisfying renaissance.

Look at the tables below, and you can see that the networks could use a boost. The profits of CBS Inc., ABC and RCA Corp. (the parent of NBC) were up in 1983, but returns still lagged their five-year averages. Their broadcasting revenues increased a respectable 12%, but operating margins kept shrinking—from 20% in 1978 to about 13% in 1983. At that rate, network TV could become just another business instead of a license to print money.

The Olympics cannot singlehandedly turn this tide, but they will go a long way. The Games will account for more than $625 million in advertising sales, according to ABC, which will broadcast them. ABC figures one-third to 40% of this is money that would have been spent with the networks anyway. The other $400 million, it claims, is new money. Others think it's less than half that, but, even so, ABC stands to clean up. And, curiously, so do its two rivals. The Olympics doesn't create more minutes of commercial time; it simply replaces existing inventory. CBS and NBC are counting on the demand (and thus the price) to increase for what remains. The impact on profits of the 1984 conventions and elections is harder to quantify because network news departments also spend a lot of money covering them. But politicians competing for time with regular advertisers are likely to drive up rates.

Add to this new blockbuster miniseries like ABC's *The Last Days of Pompeii* and CBS' *George Washington*, and the betting on Madison Avenue is that the networks will tally 12% to 13% increases in commercial rates in 1984. And network revenues will probably be up an estimated 16% to 18%, to somewhere around $7.6 billion. "They have their ducks lined up in a row," says Stephen Leff, director of media services at New York ad agency Backer & Spielvogel. "The networks have a perfect opportunity to reattract a lot of viewers who have been waylaid by other options."

Moreover, most of the rest of the industry will be pulling for them. Why? Because when the networks do

Broadcasting

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Metromedia	1	80.6%	55.1%	1.6	1	31.5%	18.2%	16.7%	8	10.6%	1	48.5%
Capital Cities Commun	2	22.1	19.5	0.1	2	18.6	18.2	14.8	3	19.0	2	21.1
Cox Communications	3	19.7	16.4	0.4	3	15.1	11.3	12.0	2	22.5	3	19.8
Amer Broadcasting	4	18.1	13.7	0.2	4	15.0	11.8	5.4	6	12.4	4	13.4
Rollins	5	17.1	1.8	0.0	5	14.7	1.9	1.0	5	12.8	6	7.5
Wometco Enterprises	6	15.7	14.3	0.8	7	10.6	8.9	5.6	4	16.0	5	10.9
CBS	7	14.7	11.1	0.2	6	12.5	9.3	3.4	7	10.9	7	1.0
RCA	8	10.1	8.4	0.8	8	9.0	7.8	2.5	9	8.2	8	–2.2
Oak Industries	9	3.6	def	0.9	9	8.5	def	def	1	24.4	9	P–D
Industry medians		17.1	13.7	0.4		14.7	9.3	5.4		12.8		10.9
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

well, so does practically everyone else. Take big group broadcasters like Capital Cities Communications and Cox Communications, for example. Their stations thrive in the nearly $8 billion national spot and local advertising markets. National spot is the ration of commercial time within network-supplied programs that is sold to national advertisers by individual stations themselves. Revenues here could be up over 15% in 1984.

Does that mean that Metromedia is worth a billion and a half dollars? John Kluge thinks it is, and Kluge is not only the company's chairman and largest stockholder but also a principal in the corporation set up to buy it out for that hefty sum. But the fact is, the Metromedia buyout, at about 3 times 1983 revenues, is not the best measure of the potential of 1984. True, Metromedia is the leader in the tables *(see p. 240)*. True, the company's seven TV stations, which reach 24% of the national audience, are enormously profitable.

But that spectacular return on equity doesn't tell the full story. Metromedia is burdened by some $680 million of long-term debt. (Its debt-to-equity ratio is 4 times the industry's median.) That's the reason, of course, that its return on equity is 2½ times that of number two Capital Cities Communications but its return on total capital, the crucial measure, is the same.

Capital Cities, in fact, is a much better measure of the profitability 1984 could bring. Four of its six TV stations are ABC affiliates, so they should benefit smartly from the Olympics. Its inventory of time in periods adjacent to Games coverage should command premium prices from national spot and local advertisers. The same goes for Cox, another pacesetter in profits, and smaller Taft Broadcasting, both of which also have a clutch of ABC stations.

Independent TV stations used to be the stepchildren of broadcasting. Now some are among its most prosperous segments. In 1979 there were 122 "indies"; by the end of 1984 there should be nearly twice as many. In 1975 the independents' share of national spot and local advertising was 16%. In 1983 it was 24%, or nearly $2 billion. By 1990 it should be up to 28%. No wonder everyone wants a piece of that action.

And with such glittering prospects, it's no wonder, too, that the independents are terrified by the possibility that the FCC will allow the networks once again to own their own programming and sell the syndication rights themselves. After all, the indies' main stock in trade these days is the syndicated reruns of popular old network series. With ex-actor Ronald Reagan opposing the FCC proposal, it hardly seems likely it will go through anytime soon. But just the thought disturbs the independents, who fear the networks would "warehouse" programs after their prime-time runs and then offer them to affiliates before independents. "Hogwash," says Gene Jankowski, president of the $2.5 billion (sales) CBS Broadcast Group. "When you manufacture something, you don't do that to store it away. You want to move it, generate revenues."

The revenues Jankowski is talking about are enormous—some $800 million a year. And most of it is gravy.

Upcoming miniseries: from Rome to the Revolution
Will they help rebuild the networks' audience?

Rights to the current CBS hit detective series *Magnum, P.I.* alone recently fetched a reported $70 million from 11 independents. But of course all that money will go to the show's producer, MCA's Universal Television, not to CBS, where of course it could help restore those eroded margins.

There are other deregulation straws in the wind. Will the "rule of seven," which prohibits any company from owning more than seven TV stations, be relaxed or abolished? Many insiders consider either a real possibility. Again, the biggest beneficiary could be the networks. Their existing owned-and-operated stations are money machines, accounting for perhaps 40% of the networks' combined broadcasting profits and 24% of their national audience. At present they have only five apiece. More would benefit in two ways: First, in immediate operating profits; second, in delivering a more attractive audience to advertisers (since a network can tell an owned station what programming to carry, but can only suggest to an affiliate).

But network or non-network, broadcasting is clearly a more profitable business than about anything else you can find. Conglomerates that mix broadcasting and nonbroadcasting have again been demonstrating that. Take, for example, Rollins, whose profitability shrank to next to nothing in 1983 because oilfield services, 47% of income in 1982, collapsed. Rollins' broadcast chain and, to a lesser extent, its exterminating business, kept the company going.

In contrast to the bright prospects for broadcasting, cable and its pay-TV cousins hardly look like the fair-haired children anymore. Look at poor Oak Industries at the bottom of the list, badly hurt by the faltering subscription-TV business. Oak ended operations in two cities, taking a $23 million writeoff, and set up a $49 million reserve to cover further losses.

Pure cable ventures, meanwhile, were dropping like flies. CBS' cultural service, RCA's entertainment channel and the ABC/Westinghouse Satellite News Channel rolled up combined losses of $125 million in 1983. The first two died, and SNC was bought out by Turner Broadcasting's Cable News Network, which, despite all the hoopla, is still losing money. ABC's ARTS cultural service and Daytime, its joint venture with Hearst Corp., were still alive at year's end but had lost an estimated $60 million or more. Basic cable must eventually attract advertisers in large numbers, and, although its ad revenues were $250 million in 1983 and should increase 25% or so in 1984, that's still a mere crumb from the total $16.5 billion broadcast advertising pie. "Clients ask me, 'What are we going to lose if we don't buy time on cable?' " says Backer & Spielvogel's Leff. " 'Nothing,' I tell them."

In short, the networks will be the engine of recovery in broadcasting this year—although "recovery" may be a misnomer in this business, where pretax margins for most stations didn't fall below 35% even in the depths of the recession. Except for the cable business, almost everybody will make a lot of money—if the networks do. "The plain fact is," says Capital Cities Chairman Thomas Murphy, "if the networks don't do well, we won't do as well as we want to, either." ■

A lot of newspapers folded last year, but don't be deceived. This industry is booming.

Publishing

By Pamela Sherrid

NEARLY A DOZEN MORE daily newspapers folded or merged in 1983. But Arthur Ochs (Punch) Sulzberger, The New York Times Co. chairman, says cheerfully, "It's a pretty good time for papers."

Sulzberger is right, despite the evidence of strain in the Yardsticks. The Times Co. and The Washington Post Co. both bettered their five-year averages in return on equity and The Post raised return on total capital in 1983. True, most other newspaper companies did not, but, considering the severity of the recession, they did remarkably well, putting the whole industry in a powerful position as the economy moves into a classical cyclical recovery. Advertising lineage, in the doldrums in 1982, started climbing again in 1983. Classified ads for employment, housing and real estate, always the most sensitive to swings in the economy, led the way sharply with a 23% increase in the first nine months—above expectations.

Even in the depths of the advertising decline, newspaper publishers got a respite from the seemingly inexorable rise in the price of newsprint. The paper mills were forced to make those cuts—the first since the Great Depression—because of the publishers' reduced need for paper. With the 1983 advertising recovery, paper prices started rising once again, but not by more than they declined in 1982. The result was wider margins, margins further fattened by continuing automation in an industry once plagued by intractable labor costs.

What about all those newspapers that folded in 1983? Good news for the survivors—and frequently for the proprietors of the defunct papers as well. Because of the demise of the *Philadelphia Bulletin*, Knight-Ridder's *Philadelphia Inquirer* and *Daily News* now share a monopoly in the city, while The Washington Post Co. is cleaning up in its hometown with the 1981 demise of the *Washington Star*. The independent *Buffalo News* is the only daily in that city since the 1982 closing of Cowles' *Courier Express*. In St. Louis, where Newhouse's *Globe-Democrat* was at death's door at year-end, the Justice Department was trying to arrange a rescue. But if it fails, Newhouse will wind up with an interest in the survivor *Post-Dispatch* in return for shutting the *Globe-Democrat*.

All this sets the stage for a powerful upward momentum in earnings in 1984. Wall Street especially likes big-city newspapers like The New York Times Co., The Washington Post Co. and Times Mirror Co., which will most likely see earnings rise over 20% for the year. By contrast, earnings at Harte-Hanks (1982 revenues $394 million), which owns smaller newspapers, mostly in the South, will be up, but not nearly as much.

There's a big-city newcomer on the list this year. In October Chicago's Tribune Co. (the *Tribune* and the New York *Daily News*) went public after 136 years of private control. With 1982 revenues of $1.4 billion, the Tribune Co. ranks number three in revenues behind Times Mirror ($2.2 billion) and Gannett ($1.5 billion). (Two publishing empires just about as big as the Tribune Co.—Newhouse and Hearst—remain in private hands.)

The Tribune Co. has long been an earnings laggard. Its five-year return on equity falls significantly below the industry. But the current outlook is brighter. Not only will its big-city papers benefit from cyclical trends, but the Tribune recently completed a

Gannett Chairman Allen Neuharth
Sticking to his original projections for USA Today.

$185 million expansion and modernization project in Chicago that gives it state-of-the-art offset printing. In New York the *Daily News* has been restored to profitability through labor negotiations and a plant relocation that together could reduce operating expenses by $50 million annually.

Right now newspaper publishing is, basically, an old-technology business, but that's changing fast. Says Allen Neuharth, Gannett chairman: "Most of us in the news and information business are working on how to use the new [computer and telecommunications] technologies to distribute and sell more news and information—in print or electronically."

Gannett is in the forefront with the use of satellite-transmission technology to launch *USA Today* as a national newspaper. In this it follows in the pioneering footsteps of Dow Jones' *Wall Street Journal*. This technology enables Gannett to print in many places, vary the ad content according to region and, by year-end, reach all major population centers within a few hours of printing. *USA Today* probably lost about $85 million pretax in 1983, but Gannett can afford it. Despite the losses, its earnings probably rose 6% last year. Meanwhile, Neuharth is staying with his original projection that *USA Today* will be in the black by 1987. Both Wall Street and Gannett's competitors remain skeptical.

Also looming on the newspaper horizon is videotex, the two-way transaction and information service that reaches the home via the TV screen. Time Inc. abandoned its one-way teletext experiment late in 1983, but the industry's eyes are focused on South Florida, where Knight-Ridder started selling its videotex Viewtron system this fall. Viewtron offers a special computer terminal for $600 to hook up to subscribers' TV sets. The customer pays a $12 monthly fee and $1 an hour for phone usage. If the system is a success in south Florida, Knight-Ridder hopes to leverage its $26 million investment by introducing Viewtron into five other markets where it owns papers and into other cities by forging alliances with other publishers. Times Mirror will launch a system similar to Viewtron in Orange County in 1984, and if this is successful, plans to offer a videotex service with The Washington Post Co. in the Washington area. "Newspapers are the natural heirs to this business," says a Knight-Ridder executive.

Dow Jones, which tops the list of newspaper publishers in ROE, made a profit on its database publishing effort for the first time in 1983. "Database publishing is going to be a very substantial part of our business in the future," says Chairman Warren Phillips. By contrast The New York Times Co. got out of the marketing and computer operations of its own electronic information service in 1983, deciding instead to license the electronic reproduction of its database to Mead Corp. "It really wasn't our line of business," says Sulzberger.

Ask Dow Jones' Phillips, though, where he sees his major growth coming from in the future, and his answer is still the *Wall Street Journal*, which provides about 70% of corporate profits today. "There are no signs that we are reaching saturation in that market," Phillips says. "The number of people who are prospective readers—people with high income, high education—is growing faster than the general population." There are reports that the *Journal*, which went into two sections in 1980, plans to add even more pages in the fairly near future.

As the U.S. moves from the industrial age to the knowledge-communications age, the newspaper business is clearly a good place to be. ■

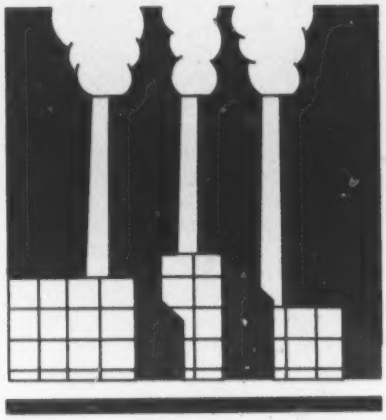
Publishing

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Dow Jones	1	32.1%	31.3%	0.1	2	28.8%	27.8%	12.7%	5	18.0%	6	17.9%
Dun & Bradstreet	2	31.3	32.0	0.0	1	31.1	32.1	10.4	7	16.2	4	18.3
Deluxe Check Printers	3	29.0	28.9	0.0	3	26.5	26.1	12.2	10	15.1	3	18.3
McGraw-Hill	4	22.3	22.5	0.0	4	20.2	20.8	9.7	15	12.3	7	17.4
Washington Post	5	22.3	23.9	0.0	7	18.1	20.9	7.3	12	13.6	10	14.5
Capital Cities Commun	6	22.1	19.5	0.1	6	18.6	18.2	14.8	3	19.0	1	21.1
Gannett	7	21.4	20.0	0.3	9	17.2	15.5	11.3	1	23.8	9	15.3
A C Nielsen	8	20.9	22.1	0.1	5	20.1	21.1	7.3	4	18.5	8	15.6
Equifax	9	20.1	22.2	0.1	10	16.8	18.6	3.5	18	9.5	16	6.6
New York Times	10	19.1	19.8	0.4	11	15.6	13.1	6.5	13	13.4	2	18.5
Interpublic Group	11	18.8	16.5	0.1	8	17.7	16.4	4.0	6	16.7	14	9.9
Times Mirror	12	18.6	17.3	0.5	13	14.6	12.0	7.2	9	15.2	13	12.6
Meredith	13	18.6	20.1	0.5	15	12.5	12.9	8.4	11	13.8	5	18.1
Knight-Ridder News	14	16.3	14.8	0.1	12	14.6	13.2	8.1	16	11.9	12	14.0
R R Donnelley & Sons	15	16.1	17.5	0.0	14	13.9	14.2	7.4	8	15.8	11	14.2
Harcourt Brace Jovan	16	13.6	15.2	0.6	17	9.6	9.8	4.0	14	12.5	17	6.4
Time Inc	17	12.5	10.6	0.3	16	10.1	8.5	4.0	2	23.0	15	6.7
Tribune	18	11.7	10.3	0.6		**	6.7	4.0	17	9.9‡‡	18	–4.5‡‡
Macmillan	19	4.4	15.2	0.3	18	4.5	13.0	5.4	19	–1.5	19	–18.0
Industry medians		19.1	19.8	0.1		17.0	15.5	7.3		15.1		14.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. **Not available: not ranked.

Every diversified company wants to be "focused" today, with its assets redeployed in all the right areas. Very few are.



Diversified companies

By Jay Gissen

"JETTISONING THE JUNK" is what some might call this new chapter in the conglomerate saga.

Of course, that's not what the chief executives call it at Penn Central, Ogden, Alco Standard, Gulf & Western, U.S. Industries or IU International. At those companies they say they're redeploying their assets, divesting, deconglomerating or consolidating. At City Investing, Northwest Industries, FMC and Litton they're thinking about becoming what Northwest Chairman Ben Heineman, 69, calls a "focused conglomerate."

If that means concentrating on those acquisitions you seem to understand best, then Penn Central qualifies as a focused conglomerate. It had been busy company-shopping, shrewdly for the most part, since it came out of bankruptcy in 1978. PC finally divested itself of its Arvida real estate development subsidiary whose cyclical performance and dreary growth prospects don't fit in with PC's new emphasis. Penn Central will now derive well over half its revenues and profits from oil- and gas-related products and services and the rest from electronics and telecommunications (through its GK Technologies subsidiary, acquired in 1981). The oil and gas glut is depressing earnings now, but with $2.3 billion in tax-loss carryforwards and more divestitures expected this year, PC CEO Al Martinelli will not lack the wherewithal to consolidate the company's position in the two areas where he has decided to concentrate.

Also "focusing" are U.S. Industries and Gulf & Western. U.S. Industries is

Litton Industries CEO Fred O'Green
He has $1.24 billion cash to help make Litton less diversified.

essentially getting out of its consumer-oriented businesses right in the midst of a consumer-led recovery because, belatedly, Chairman Gordon Walker decided the product lines had inadequate market share. Walker now plans to concentrate instead on industrial equipment and building materials, two rather obvious choices one year into a recovery.

USI's Walker and Penn Central's Martinelli scarcely see eye-to-eye with Gulf & Western's Martin Davis. G&W is getting out of building materials, energy products and natural resources to concentrate on consumer and industrial products, entertainment and finance. G&W's Davis is steadily selling the company's assets, which should generate some $275 million in cash.

Alco Standard has decided to concentrate on distribution. With the sale of some 45% of its manufacturing assets (23 manufacturing companies were sold in 1983), over 80% of sales and over two-thirds of profits will come from the distribution area. Explains CEO Ray Mundt: "We have recognized that we can do best those things that we know about." Mundt's strategy now is to fill in the geographic areas where Alco Standard is not yet distributing, using, of course, cash generated from the recent divestitures. Litton Industries is getting out of business systems and will spend some of its $1.24 billion in cash on technology-related acquisitions. "We were too diversified," says Litton's CEO Fred O'Green. "Now we are sharpening the focus."

The impetus for the focused conglomerate trend is obvious. Something had to be done. One glance at the latest-12-months columns in the Forbes Profitability rankings shows that diversified companies and conglomerates suffered more than the average company, because of their concentration in the older and still depressed industries like machine tools, construction, materials handling machinery, aviation and energy. Look at Amfac. It's in six different businesses, most of which are lagging competitors. Its five-year average return on capital is a dismal 6.3%. Bangor Punta is in similar straits, with a five-year average return on capital of 5.1%. Even longtime Wall Street favorite Henry Singleton of Teledyne was having trouble in construction machinery, in specialty metals, in offshore rigs and in property and casualty insurance.

"A lot of managers began to understand ten years ago that there was a second financial statement called the

75

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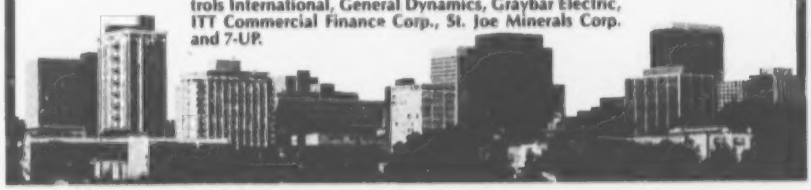

This is for all those who ever wonder who runs the United Way.

This is Wally Behnke, Frank Cole, Linda Thoren and Ken Smith. They're United Way volunteers. Just four of the many volunteers who help run the United Way in different communities across the country.

Volunteers who help raise funds. And, in turn, make the tough decisions of how the money can be put to the best use in their own community.

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United Way
Thanks to you it works for ALL OF US.

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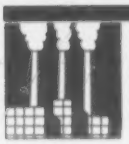


balance sheet and not just one called a profit and loss statement," says AMF CEO W. Thomas York. AMF, which grew rich in the bowling boom of the mid-Fifties through the early Sixties, became a leisure time conglomerate and tried electronics controls and oil services. Through 1981 its return on assets and return on equity had steadily improved and debt had come down. For most of 1983, however, the company ran into the red because of the downturn in oil services.

Debt reduction has been the order of the day among conglomerates. For the period 1968-73, for example, conglomerate net debt was greater than general industry net debt—45% of capital vs. 24%. Since 1973 the excess has decreased, disappearing entirely in 1981. Today it is slightly less than general industry net debt. At Litton Industries, for example, long-term debt is now down to $233 million after being as high as $643 million several years ago. Among the other big long-term debt reducers: Signal, Allied, TRW, National Distillers and FMC. Plus, at year-end 1982, conglomerate short-term debt was 3.6% of invested capital vs. 8.8% for general industry.

But there is a cost to these better-looking balance sheets: older plant and equipment.

Most of the improvement in conglomerate balance sheets stems from restricting capital spending relative to sales growth. The conglomerates' invested capital has been growing much more slowly than general industry's since 1973—7.6% vs. 11.3%. Those numbers are all the more dramatic,

Diversified companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Multicompanies												
Esmark	1	25.1%	18.5%	0.6	4	14.8%	12.3%	3.5%	23	–5.5%	1	21.8%
American Brands	2	22.1	19.5	0.2	3	16.5	15.2	5.6	8	8.6	2	18.0
IU International	3	21.1	13.1	0.8	11	9.4	8.0	2.2	21	1.8	4	13.3
Minn Mining & Mfg	4	21.1	18.5	0.1	1	18.3	16.1	9.6	5	11.6	8	11.5
General Electric	5	20.3	19.4	0.1	2	18.3	17.7	7.3	6	9.9	7	12.0
Martin Marietta	6	17.9	22.3	1.4	9	11.4	6.4	2.8	1	17.8	5	12.7
American Standard	7	17.7	8.5	0.4	7	12.8	6.4	2.4	17	6.0	9	10.2
Rollins	8	17.1	1.8	0.0	5	14.7	1.9	1.0	4	12.8	11	7.5
Westinghouse Electric	9	15.4	12.8	0.2	6	13.7	12.1	4.3	12	7.8	3	15.5
Borg-Warner	10	13.5	12.1	0.2	8	12.3	10.9	5.1	7	8.9	6	12.5
City Investing	11	13.0	9.7	1.2	13	9.2	8.5	2.2	2	15.3	10	9.5
FMC	12	12.8	12.1	0.3	12	9.3	8.6	4.6	11	7.9	12	7.1
Household Intl	13	11.8	13.5	2.1	19	6.8	7.3	2.5	3	14.1	15	0.9
Corning Glass Works	14	11.5	9.7	0.4	10	9.9	7.3	6.2	14	7.4	13	5.7
Union Carbide	15	11.1	4.3	0.4	18	8.1	3.8	2.5	10	8.0	16	0.9
Intl Tel & Tel	16	10.9	10.1	0.5	16	8.9	8.5	4.2	18	5.9	14	3.3
Textron	17	10.2	6.7	0.2	15	8.9	6.4	2.9	19	3.8	18	–1.7
RCA	18	10.1	8.4	0.8	14	9.0	7.8	2.5	9	8.2	19	–2.2
National Distillers	19	9.8	4.4	0.2	17	8.1	4.5	2.3	15	6.3	20	–2.4
Olin	20	8.2	6.9	0.3	20	6.5	5.7	3.0	16	6.1	17	–0.9
AMF	21	6.5	def	0.4	21	5.4	def	def	20	1.9	21	–6.8
Koppers	22	5.1	0.5	0.4	22	5.3	2.8	0.8	13	7.5	23	–16.2
U S Industries	23	3.1	7.8	0.2	23	3.6	6.8	3.0	22	–4.7	22	–11.0
Medians		12.8	9.7	0.4		9.3	7.3	2.9		7.8		7.1
Conglomerates												
Teledyne	1	26.2%	12.0%	0.3	2	19.8%	10.4%	8.7%	20	7.9%	3	24.5%
Litton Industries	3	24.7	14.0	0.1	4	17.3	11.1	4.9	21	6.3		D–P
Raytheon	3	23.0	17.4	0.0	1	22.0	17.0	5.2	7	15.1	5	17.8
Lear Siegler	4	22.1	15.2	0.3	5	14.8	12.1	4.5	13	12.3	6	16.0
Northwest Industries	5	21.3	1.7	0.5	8	12.5	2.3	0.6	19	9.4	8	13.8
Whittaker	6	19.6	9.7	0.5	3	18.4	14.5	2.0	8	14.6	2	31.4
Fuqua Industries	7	18.6††	39.8	2.7	17	8.3††	17.0	5.4	6	15.6	1	42.0
Alco Standard	8	18.0	14.3	0.4	6	13.1	10.8	2.0	5	16.4	11	10.1
TRW	9	17.4	12.2	0.2	10	11.5	8.6	3.5	15	10.9	13	7.7
Scott & Fetzer	10	16.3	15.4	0.4	6	13.1	12.5	5.0	12	12.8	14	6.6
United Technologies	11	16.3	14.7	0.3	9	12.1	11.0	3.4	2	21.1	12	8.9
Figgie Intl Holdings	12	15.8	13.1	0.6	14	9.1	8.8	3.3	22	6.2	7	15.2
W R Grace	13	15.0	7.1	0.5	11	10.4	5.5	2.6	17	9.7	15	6.4
Kidde	14	14.5	10.7	0.6	12	9.6	7.7	3.3	11	13.1	10	11.8
Ogden	15	14.2	10.2	1.1	15	8.7	7.5	3.0	23	5.2	18	3.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average D–P: deficit to profit; not ranked. def: deficit.

and worrying since conglomerates are heavily weighted to capital-intensive businesses, where they often enjoy a commanding market share.

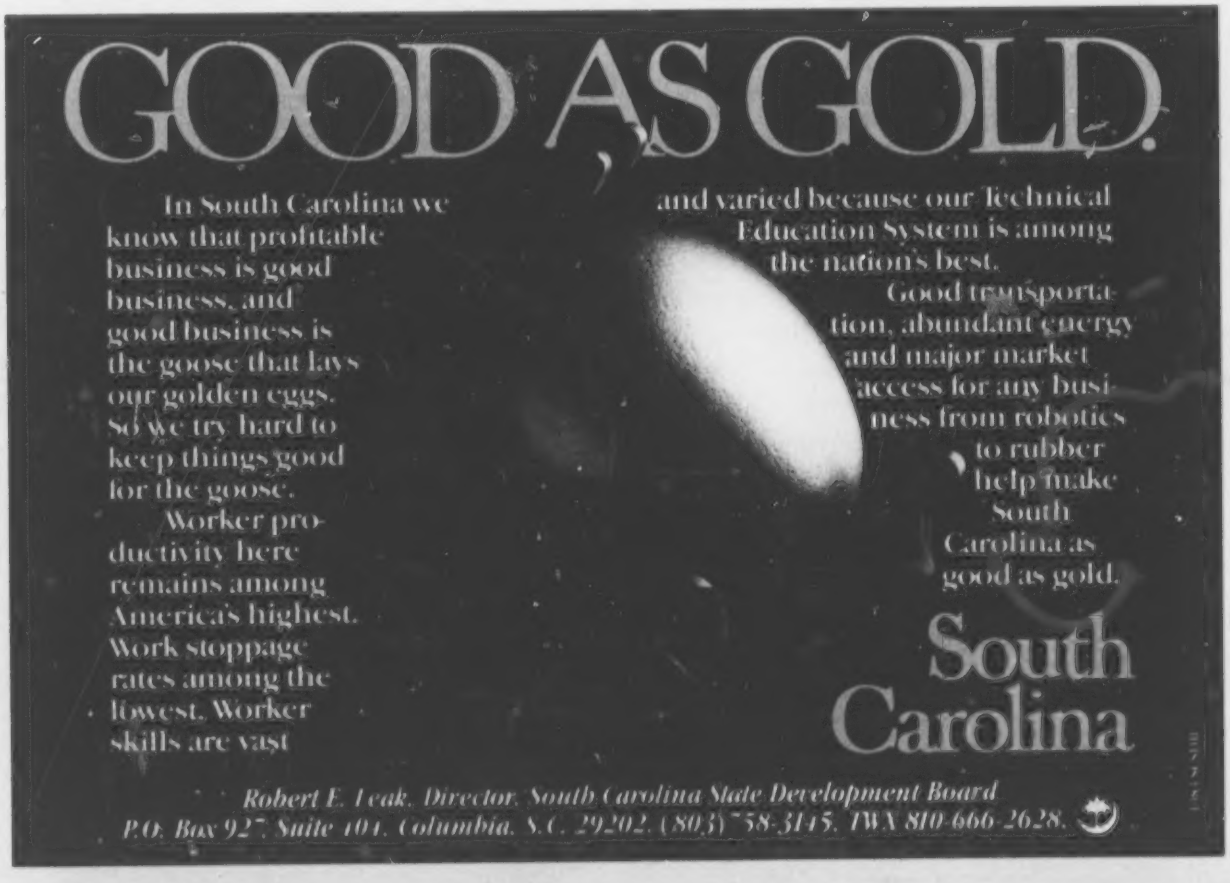
It all boils down to this: The old-time conglomerate à la Jimmy Ling and Charlie Bluhdorn is disappearing. High interest rates helped kill it, but more basically it was an idea whose time never came: A management can do only so many things. "Constant diversity is a trap," says Ken Semelsberger, Scott & Fetzer vice president for finance. The conglomerate had a good run—from the time Royal Little invented it in the 1950s—but it never really worked well. "Focused" conglomerate? Just another way of saying no conglomerate at all. ■

Diversified companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Allied Corp	16	11.6%	9.0%	0.2	18	8.2%	7.4%	3.7%	3	18.8%	17	4.4%
Signal Cos	17	11.5	3.4	0.3	13	9.4	4.0	1.3	10	14.1	16	6.2
Penn Central	18	11.0	5.8	0.3	16	8.3	5.4	4.0	1	41.7‡	4	22.4‡
Gulf & Western Inds	19	10.2	def	0.6	20	6.6	def	def	18	9.6	22	–2.8
Allegheny Intl	20	8.8	def	0.8	19	7.7	2.9	def	9	14.1	20	1.8
Amfac	21	8.4	def	0.8	21	6.3	def	def	16	10.2	21	–2.1
IC Industries	22	8.3	4.6	0.8	22	5.5	4.2	1.6	4	16.5	19	3.1
Bangor Punta	23	6.8	def	0.6	23	5.1	def	def	14	11.7	9	13.5
Sybron	24	3.5	def	0.5	25	4.4	def	def	24	3.7	23	–19.0
Chromalloy American	25	2.7	def	0.9	24	4.5	0.9	def	25	3.4	24	–27.2
Medians		15.0	9.7	0.5		9.4	7.5	3.0		12.3		8.3
Industry medians		13.9	9.7	0.4		9.4	7.5	3.0		9.5		7.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. def: deficit.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In South Carolina we know that profitable business is good business, and good business is the goose that lays our golden eggs. So we try hard to keep things good for the goose.
Worker productivity here remains among America's highest. Work stoppage rates among the lowest. Worker skills are vast and varied because our Technical Education System is among the nation's best.
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Many Forbes industry groups are recovery-bound. But the laggards still waiting for better days are holding down the median.

Who's where in the industry groups

THE COMBINED EFFECTS of the recession and the far-reaching transformation taking place in U.S. industry have left their scars. Among the 46 industry groups ranked here, the median return on stockholders' equity was 12.6% for the latest 12 months, compared with 12.7% one year ago. This is an eight-year low.

The five-year average return on equity is also down, from 15.9% to 15.1% last year. Nevertheless, the magnitude of the drop was relatively slight considering the severe winds that have buffeted the economy in recent years.

Another factor to consider is this: If the absolute figures for return on equity didn't look very good, the real rate of return showed definite improvement in 1983.

What do we mean by "real" rate of return? We are referring to the rate of return adjusted for inflation. Inflation over the 12-month period monitored by the 1983 figures ran at a comparatively mild 2.9%, as compared with 5.1% in last year's survey. Thus the real rate of return was 9.7% in 1983, compared with the 7.6% return in 1982.

Forbes uses medians rather than averages to track industry performance. This filters out distortions caused by windfall profits at the top or staggering losses at the bottom. Why are the medians useful? Because they are a standard for measuring individual companies. Did they do better than their industry's median? Or worse?

Industry groups that performed in 1983 close in line to the all-industry median include contractors, insurance, natural gas, apparel and household goods.

There are only a handful of industry groups that fell from being above the all-industry median in last year's annual report to being below the Yardstick this time around; the leisure industry is an example. Industry groups such as computers, food processors and electronics couldn't keep pace with their levels of the previous year.

Oilfield drillers and services registered the biggest decline. Last year this group had a 23% median return on equity for the latest 12 months. It is now a paltry 1%.

From being the most glittering of businesses, oil services overnight became one of the most tarnished of industries. In statistics it's called regression to the mean. Or, in more homely language, the pride that goeth before a fall.

Industry medians

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Brokerage	1	22.9%	29.5%	0.5	1	18.5%	22.7%	6.5%	1	34.3%	1	28.0%
Tobacco	2	22.1	19.5	0.5	13	13.1	12.4	5.6	26	11.9	3	18.2
Health care	3	19.9	18.0	0.4	11	13.3	14.5	6.8	10	16.2	2	19.7
Beverages	4	19.6	16.7	0.5	9	13.6	10.6	5.8	12	15.5	5	16.3
Alcoholic beverages	—	16.8	14.8	0.3	—	10.9	10.4	7.0	—	12.6	—	21.7
Soft drinks	—	20.7	17.3	0.8	—	14.9	10.6	4.5	—	16.7	—	10.4
Oilfield drillers and services	5	19.2	1.0	0.5	11	13.3	2.4	0.6	6	19.3	11	12.5
Publishing	6	19.1	19.8	0.1	2	17.0	15.5	7.3	14	15.1	9	14.5
Toiletries and cosmetics	7	18.7	15.2	0.2	7	13.9	12.6	6.0	29	11.2	27	8.5
Aerospace and defense	8	18.5	14.8	0.2	15	12.9	11.5	3.3	23	12.4	10	12.7
Drugs	8	18.5	19.0	0.2	4	15.3	16.2	10.6	30	11.1	21	10.5
Office equipment and services	10	17.8	14.3	0.2	6	14.0	11.9	3.9	5	19.4	14	12.2
Office equipment	—	10.2	11.8	0.3	—	12.1	11.0	5.1	—	11.2	—	3.7
Office services	—	23.4	18.3	0.2	—	15.1	14.0	3.2	—	19.9	—	17.5
Specialty retailers	11	17.7	17.3	0.5	13	13.1	12.0	3.2	9	16.4	7	15.5
Drug chains	—	19.8	18.6	0.4	—	15.6	13.7	2.8	—	17.1	—	18.8
Fast food chains	—	19.4	19.9	0.6	—	12.1	12.1	4.2	—	18.5	—	18.6
Other specialists	—	15.7	15.0	0.5	—	12.5	11.4	3.5	—	14.6	—	9.1
Electrical equipment	12	17.5	13.3	0.2	3	16.0	12.2	5.4	17	14.2	12	12.4
Energy	13	17.4	9.9	0.4	19	12.0	7.1	3.3	8	18.8	14	12.2
International oils	—	17.7	9.3	0.3	—	13.2	7.4	3.1	—	15.0	—	12.6
Other oil and gas	—	18.4	10.3	0.5	—	12.3	7.2	3.7	—	21.9	—	12.4
Coal	—	4.7	7.7	0.6	—	4.6	5.2	3.0	—	7.8	—	–23.4
Broadcasting	14	17.1	13.7	0.4	5	14.7	9.3	5.4	22	12.8	20	10.9
Truckers and shippers	15	17.0	13.1	0.5	27	9.9	8.6	3.6	39	9.0	22	9.8
Truckers	—	19.1	13.1	0.8	—	9.5	8.6	3.6	—	10.6	—	10.7
Other surface transportation	—	14.4	11.9	0.5	—	10.3	9.0	3.6	—	3.8	—	9.2
Supermarkets	16	16.5	16.2	0.7	24	10.5	10.5	1.3	25	12.1	8	14.7
Major chains	—	17.1	19.0	0.7	—	11.0	11.5	1.4	—	12.1	—	14.0
Regional chains	—	15.7	13.6	0.7	—	10.3	10.1	1.0	—	12.1	—	15.6
Contractors	17	16.1	12.5	0.4	16	12.6	9.1	1.8	16	14.7	5	16.3
Heavy construction	—	16.7	12.5	0.4	—	13.1	9.7	1.8	—	14.9	—	16.3
Home building	—	13.0	12.2	0.5	—	7.9	6.9	3.0	—	13.0	—	8.1
Leisure	18	15.9	10.2	0.4	23	11.0	7.8	4.6	23	12.4	24	9.3
Hotels and gambling	—	18.3	5.4	1.0	—	10.1	7.0	4.7	—	11.8	—	17.1
Entertainment	—	16.3	13.1	0.3	—	14.0	7.2	7.1	—	14.2	—	8.6
Recreation	—	13.8	10.3	0.3	—	11.8	9.8	4.1	—	12.4	—	7.7
Branded foods	19	15.5	15.8	0.4	17	12.4	12.3	3.5	34	10.1	25	9.1
Diversified	—	15.7	15.9	0.4	—	12.0	12.1	3.5	—	10.3	—	8.7
Specialized	—	15.5	15.8	0.3	—	12.6	12.9	4.1	—	10.1	—	11.0
Insurance	19	15.5	12.4	0.1	7	13.9	11.6	6.9	20	13.0	12	12.4
Life and accident	—	14.1	13.0	0.1	—	12.3	10.9	7.5	—	16.8	—	9.2
Fire and casualty	—	17.2	12.4	0.1	—	17.0	11.7	6.6	—	13.1	—	14.6
Multiple line	—	17.4	13.3	0.2	—	14.1	11.6	5.8	—	12.4	—	12.4
Natural gas	21	15.4	12.3	0.7	30	8.9	7.2	3.4	7	19.1	28	8.1
Producers and pipeliners	—	17.5	12.6	0.7	—	9.4	7.1	3.4	—	23.9	—	10.6
Pipeliners and distributors	—	18.9	15.3	0.7	—	10.4	8.7	5.0	—	19.7	—	10.5
Distributors	—	13.2	10.6	0.7	—	7.7	6.9	2.7	—	18.3	—	6.1
Wholesalers	21	15.4	16.0	0.6	18	12.1	11.0	1.3	20	13.0	18	11.7
Food distributors	—	13.1	14.8	0.6	—	10.2	10.7	0.8	—	13.6	—	10.9
Other wholesalers	—	17.1	17.8	0.4	—	13.1	13.8	2.0	—	11.7	—	12.7
Computers	23	15.1	8.9	0.3	9	13.6	7.6	4.3	3	23.2	4	16.6
Industrial equipment and services	24	15.0	7.1	0.3	21	11.5	6.4	3.0	31	10.6	31	7.0
Production equipment	—	13.2	1.7	0.3	—	11.1	1.9	2.4	—	9.9	—	3.3
Specialty equip, materials	—	14.6	8.2	0.3	—	12.0	6.7	3.2	—	10.2	—	6.8
Industrial services	—	20.8	18.3	0.5	—	14.7	11.0	6.0	—	25.0	—	22.1

Note: Explanation of Yardsticks calculations on page 38.

Industry medians

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Electronics	25	14.9%	11.1%	0.3	21	11.5%	8.5%	5.0%	14	15.1%	19	11.3%
Banks	26	14.7	13.2	0.3	19	12.0	11.3	6.7	4	20.4	14	12.2
New York banks	—	14.7	14.6	0.5	—	11.6	11.4	5.3	—	21.7	—	12.3
Regional banks	—	14.6	12.9	0.3	—	12.1	11.3	6.9	—	20.3	—	12.2
Telecommunications	27	14.6	14.4	0.8	39	7.5	7.7	8.7	17	14.2	33	6.3
Food processors	28	14.1	9.2	0.4	25	10.0	7.2	1.7	32	10.5	23	9.4
Meatpackers	—	14.0	10.3	0.8	—	9.3	8.5	0.9	—	7.1	—	9.6
Agricultural commodities	—	15.1	8.3	0.3	—	10.7	6.9	2.1	—	13.0	—	7.5
Diversified companies	29	13.9	9.7	0.4	28	9.4	7.5	3.0	36	9.5	29	7.5
Multicompanies	—	12.8	9.7	0.4	—	9.3	7.3	2.9	—	7.8	—	7.1
Conglomerates	—	15.0	9.7	0.5	—	9.4	7.5	3.0	—	12.3	—	8.3
Chemicals	30	13.2	9.2	0.4	25	10.0	7.1	3.9	35	9.9	36	4.4
Diversified	—	11.6	7.4	0.3	—	8.8	6.0	2.8	—	8.9	—	–0.6
Specialized	—	15.8	11.5	0.4	—	10.7	7.5	5.3	—	10.7	—	10.8
Electric utilities	31	12.9	14.9	0.8	40	7.2	7.9	12.1	19	14.0	37	3.7
Northeast	—	12.6	14.9	0.8	—	7.3	8.3	11.1	—	12.9	—	4.7
Midwest	—	13.2	15.6	0.9	—	7.2	7.9	12.5	—	13.5	—	3.9
Southeast	—	12.4	13.9	0.8	—	6.6	6.9	11.1	—	13.8	—	3.0
Southwest	—	14.0	15.7	0.8	—	7.7	8.4	13.0	—	17.6	—	4.6
West	—	12.8	13.8	0.9	—	7.9	8.0	15.3	—	19.0	—	3.3
General retailers	32	12.5	13.8	0.7	29	9.3	10.4	2.8	27	11.7	29	7.5
Department stores	—	12.2	13.6	0.6	—	9.4	10.6	3.5	—	11.2	—	7.7
Discount and variety stores	—	12.9	14.1	0.8	—	9.3	10.3	2.3	—	11.7	—	4.9
Financial services	33	11.8	9.1	1.7	33	8.3	6.3	3.5	11	15.8	39	1.8
Packaging	34	11.0	6.4	0.5	35	8.0	6.0	1.9	33	10.3	35	6.1
Apparel	35	10.9	12.9	0.3	30	8.9	10.5	3.5	43	7.3	26	8.7
Clothing	—	12.2	13.7	0.3	—	11.0	11.2	3.6	—	7.8	—	11.7
Textiles	—	8.3	7.9	0.4	—	7.0	6.8	3.0	—	5.8	—	1.9
Shoes	—	22.9	20.3	0.2	—	17.0	16.2	4.3	—	11.9	—	19.1
Railroads	36	10.8	8.0	0.5	41	7.1	5.3	5.4	28	11.5	17	11.8
Household goods	37	10.6	12.7	0.4	32	8.5	9.7	3.8	37	9.4	34	6.2
Appliances	—	10.5	12.8	0.4	—	8.4	10.0	3.3	—	7.8	—	4.0
Housewares and furnishings	—	9.4	9.5	0.4	—	7.2	7.2	2.7	—	10.3	—	–2.3
Housekeeping products	—	16.4	17.7	0.3	—	13.6	14.2	5.6	—	10.1	—	8.3
Forest products	38	9.9	4.5	0.5	37	7.6	4.3	2.4	38	9.3	38	2.0
Nonferrous metals	39	9.4	def	0.6	34	8.2	1.8	0.4	40	8.9	32	6.4
Building materials	40	9.2	8.0	0.5	37	7.6	6.4	2.6	42	7.9	40	–0.1
Lumber	—	8.4	3.4	0.6	—	6.0	3.4	1.7	—	9.4	—	–5.2
Cement and gypsum	—	9.8	2.7	0.9	—	7.8	3.7	2.3	—	7.5	—	0.6
Other building materials	—	8.6	9.4	0.5	—	7.2	7.3	2.8	—	7.8	—	–4.6
Building equipment	—	14.8	11.0	0.5	—	11.3	8.5	2.8	—	9.3	—	10.3
Auto suppliers	41	8.9	8.4	0.4	36	7.9	6.8	2.7	41	8.2	41	–2.2
Tire and rubber	—	5.1	6.5	0.5	—	5.2	5.6	2.4	—	4.7	—	–7.8
Partsmakers	—	11.9	11.2	0.4	—	9.7	8.0	3.2	—	9.2	—	–0.2
The thrifts	42	6.9	21.0	0.3	42	6.8	18.9	4.6	2	23.7	45	–24.0
Construction, mining, rail equipment	43	6.5	def	0.7	43	5.8	def	def	44	5.8	42	–13.6
Heavy equipment	—	4.2	def	0.5	—	4.3	def	def	—	5.3	—	–22.7
Rail equipment	—	9.8	def	1.2	—	6.2	1.7	def	—	6.9	—	–0.2
Steel	44	4.2	def	0.5	44	5.1	def	def	45	5.6	43	–14.6
Autos and trucks	45	3.8	def	0.4	45	4.5	1.2	1.3	46	5.0	44	–17.3
Airlines	46	def	def	1.5	46	3.0	0.7	def	12	15.5	46	P–D
All-industry medians	—	15.1	12.6	0.4	—	10.8	8.6	3.5	—	12.4	—	9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

The true test of management is what kind of return it earns on its shareholders' capital. For growth without profitability is worse than no growth at all.

Who's where in profitability

EARNINGS ARE ONLY meaningful when expressed in terms of the size of the company that generates them. Earnings of $5 million might be fantastic for a tiny growth company but a near disaster for a Goliath like Mobil. The way to put earnings into perspective is to match them to shareholders' equity. Accountants call this ROE—return on equity—but we call it "basic profitability," and it is expressed as a percentage of equity capital. A company with $1 million in equity capital and profits of $150,000 would have an ROE, basic profitability, of 15%.

To see how most Yardsticks companies fared in profitability in 1983, refer to the report on page 250. The all-industry median ROE for the latest 12 months for all 1,008 companies is 12.6%, off a shade from 1982's 12.7%. No surprise that brokerage houses show the highest return, 29.5%. Tobacco is second again. Meanwhile, nonferrous metals, construction, mining and rail equipment, autos and trucks, steel and airlines all show negative returns. These are rough times for heavy industry.

Be warned, though: These figures for basic profitability can be distorted. A company may take huge writeoffs against stockholders' equity that shrink, temporarily at least, its equity base. Obviously, even mediocre earnings will look outstanding when expressed as a percentage of that shrunken equity base. End result: an extraordinarily high, and misleading, return on equity. In the past, both Geico and Lockheed were good examples of this. But they have since rebuilt their equity.

A decline in ROE, if from a very high base, isn't necessarily a danger sign. Apple Computer is still ranked number one with its five-year average ROE of 100.5%. But now look at Apple's performance for the latest 12 months—a still impressive, but significantly smaller, 28.4%. There is no way in the world that any company could continue earning 100% on equity. Competition always sees to that and certainly has in Apple's case.

Since return on equity only measures profits against what shareholders have invested in a business, and doesn't show what the company has borrowed, Forbes also calculates return on total capital—stockholders' equity plus long-term debt. Generally this is a more reliable measure of profitability because it measures the true amount of capital companies have invested in the business. Be cautious about a company with a high ROE but a mediocre return on capital; that company may be leveraged to the danger point and vulnerable to a downturn or setback. Look at Big Bear, a relatively new NASDAQ listing. This Ohio-based supermarket chain ranks sixth with its five-year average return on equity of 48.9%. But now look to the right at its five-year return on capital: just 16.4%, which ranks 150th. Big Bear's dynamic ROEs come from heavy debt leverage.

Using the federal government's gross national product price deflator as a rough guide, inflation has averaged 7.6% a year over the most recent five years. A third of the companies surveyed failed to show a return on capital that matched inflation in 1982, and in 1983 it got worse: More than 40% of the firms failed the same test. The outlook for next year is brighter as the economy continues to improve, but, clearly, profitability in U.S. industry isn't what it should be.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Apple Computer	1	100.5%	28.4%	1	110.4%	28.2%	Allied Bancshares	64	26.3%	25.3%	27	23.9%	24.1%
Metromedia	2	80.6	55.1	8	31.5	18.2	Teledyne	65	26.2	12.0	67	19.8	10.4
NIKE	3	77.6	30.3	2	65.6	30.0	Savannah Foods	66	26.2	35.1	114	17.2	25.4
Coleco Industries	4	59.7	44.2	6	35.2	27.0	Shaklee	67	25.7	28.0	68	19.8	23.2
Subaru of America	5	59.2	45.8	3	54.1	39.1	Toys "R" Us	68	25.5	20.6	50	21.1	19.3
Big Bear	6	48.9	35.9	150	16.4	17.3	Pennzoil	69	25.4	12.9	316	12.9	7.1
Tandy	7	45.2	29.3	12	28.8	25.9	First Executive	70	25.3	18.2	23	24.6	20.5
Fin Corp of America	8	42.8	82.0	20	25.3	52.7	Melville	71	25.3	21.6	26	23.9	21.2
Standard Oil Ohio	9	42.8	23.0	55	20.7	14.5	Dover	72	25.2	16.7	37	22.3	15.5
ROLM	10	41.4	10.9	5	38.3	10.5	Esmark	73	25.1	18.5	205	14.8	12.3
Comdisco	11	40.8	46.0	34	23.0	30.8	Wendy's International	74	24.8	19.5	65	20.0	14.7
L B Foster	12	39.8	def	621	8.8	def	Turner Construction	75	24.8	25.4	46	21.4	17.4
ServiceMaster Inds	13	39.7	44.2	4	40.0	43.3	Litton Industries	76	24.7	14.0	113	17.3	11.1
GEICO	14	38.6	24.9	39	22.2	20.4	Dorchester Gas	77	24.6	12.7	239	14.2	7.2
Phibro-Salomon	15	36.5	25.1	14	28.1	19.0	Kelly Services	78	24.5	18.3	24	24.6	18.2
Charter	16	35.8	3.3	53	20.9	5.3	Freeport-McMoran	79	24.3	12.4	136	16.7	6.7
Bruno's	17	35.3	28.8	31	23.5	22.3	Abbott Laboratories	80	24.2	25.1	71	19.6	20.5
SmithKline Beckman	18	35.1	26.4	9	31.2	23.3	Levi Strauss	81	24.0	19.2	47	21.3	17.4
Mitchell Energy & Dev	19	35.0	18.6	360	12.4	7.9	Fort Howard Paper	82	24.0	22.7	82	18.9	18.3
Student Loan Mktg	20	34.7	43.4	663	8.3	6.2	AMP	83	23.9	20.1	52	20.9	17.8
American Home Products	21	33.9	34.7	7	33.4	32.4	Nucor	83	23.9	10.5	87	18.6	9.4
Federal Express	22	33.7	22.0	41	22.0	14.7	ConAgra	85	23.9	19.8	139	16.6	15.5
Schlumberger	23	33.6	21.7	11	31.1	20.3	Trinity Industries	86	23.8	7.0	83	18.8	6.6
Texas Oil & Gas	24	33.3	31.9	159	16.1	15.2	Maytag	87	23.7	27.5	40	22.1	23.7
Limited	25	33.2	40.0	28	23.8	25.5	PHH Group	88	23.7	20.0	808	6.6	8.3
Wal-Mart Stores	26	33.1	33.0	44	21.5	21.1	Philip Morris	88	23.7	23.7	303	13.1	12.4
Humana	27	32.6	34.2	364	12.4	14.7	Pioneer Hi-Bred Intl	90	23.6	13.1	58	20.5	12.2
Pulte Home	28	32.3	49.1	125	17.0	26.1	American Stores	91	23.6	25.6	177	15.5	14.2
Dow Jones	29	32.1	31.3	13	28.8	27.8	Nalco Chemical	92	23.5	18.4	36	22.9	17.8
Food Lion	30	31.9	26.9	19	25.7	21.2	Avon Products	93	23.5	14.9	33	23.1	11.7
G Heileman Brewing	31	31.7	28.7	43	21.9	14.5	United Energy Resources	94	23.5	5.7	152	16.3	4.5
Dun & Bradstreet	32	31.3	32.0	10	31.1	32.1	Computer Sciences	95	23.4	11.0	208	14.7	9.1
Wang Laboratories	33	31.3	20.8	59	20.5	15.3	Hilton Hotels	96	23.4	18.6	107	17.5	13.2
Pioneer	34	30.7	21.2	138	16.6	10.8	Big V Supermarkets	97	23.3	18.2	164	15.8	12.5
MCI Communications	35	30.6	28.1	97	18.2	13.6	Houston Natural Gas	98	23.2	15.1	209	14.7	10.6
E F Hutton Group	36	30.3	31.1	22	24.8	22.7	IBM	99	23.2	25.6	49	21.2	22.6
EG&G	37	29.6	25.3	18	26.4	23.3	Fremont General	100	23.1	def	96	18.3	1.5
Todd Shipyards	38	29.2	17.1	126	16.9	10.4	Western Co No Amer	101	23.1	def	424	11.5	2.9
General Cinema	39	29.2	54.3	165	15.8	22.0	Dean Foods	102	23.0	22.3	130	16.8	17.5
Allegheny Beverage	40	29.0	35.3	252	14.0	10.2	Raytheon	103	23.0	17.4	42	22.0	17.0
Deluxe Check Printers	41	29.0	28.9	17	26.5	26.1	Ashland Oil	104	23.0	5.7	356	12.4	5.1
Global Marine	42	28.9	13.7	291	13.3	6.6	Waste Management	105	22.9	18.0	149	16.4	13.5
MEI	43	28.5	27.1	114	17.2	15.4	Brown-Forman Dist	106	22.9	21.6	102	17.8	18.5
Tosco	44	28.3	def	531	9.9	def	Merrill Lynch	107	22.9	26.9	90	18.5	20.3
Swift Independent	45	28.1	22.1	172	15.6	14.6	Valero Energy	108	22.8	13.7	428	11.4	7.5
Tesoro Petroleum	46	28.1	12.9	161	16.0	10.1	Republic New York	109	22.8	18.6	174	15.6	13.6
VF	47	27.9	37.5	29	23.8	32.3	Merck	110	22.8	20.2	76	19.2	15.8
SEDCO	48	27.9	33.8	177	15.5	18.2	McDonald's	111	22.8	21.7	290	13.3	13.3
Kellogg	49	27.7	27.6	30	23.6	25.2	Trust Co of Georgia	112	22.7	24.0	75	19.3	21.6
Worthington Inds	50	27.6	17.2	101	17.9	11.6	Resorts Intl	113	22.7	10.1	100	18.0	8.3
First Boston	51	27.6	29.5	15	27.6	29.7	Bristol-Myers	114	22.6	22.9	51	21.0	21.5
Marsh & McLennan Cos	52	27.6	26.2	16	27.0	23.4	Rite Aid	115	22.6	22.6	61	20.2	20.1
Natl Convenience Stores	53	27.5	23.1	284	13.5	11.1	Alexander & Alexander	116	22.6	def	21	25.0	0.5
Parsons	53	27.5	25.3	25	24.2	23.2	Loews	117	22.5	22.2	338	12.6	14.1
SCOA Industries	55	27.5	20.7	121	17.2	13.3	Entex	118	22.5	19.7	369	12.3	11.5
Occidental Petroleum	56	27.3	def	203	14.9	3.1	Albertson's	119	22.4	19.0	276	13.6	13.0
Lockheed	57	27.0	50.6	459	10.9	23.2	McGraw-Hill	120	22.3	22.5	60	20.2	20.8
Super Valu Stores	58	26.8	22.6	90	18.5	16.2	Murphy Oil	121	22.3	16.3	262	13.9	11.3
James River Corp Va	59	26.7	25.0	137	16.7	17.5	Washington Post	122	22.3	23.9	99	18.1	20.9
Mission Insurance	60	26.6	12.4	32	23.5	11.7	Coca-Cola	123	22.2	19.9	62	20.2	16.4
Emery Air Freight	61	26.5	24.1	38	22.3	13.5	Kaneb Services	124	22.1	16.2	296	13.2	9.4
Tyco Laboratories	62	26.5	13.2	220	14.5	8.9	Fairchild Industries	125	22.1	6.1	145	16.5	6.5
Electronic Data Systems	63	26.4	27.4	34	23.0	22.7	American Brands	126	22.1	19.5	148	16.5	15.2

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Boeing	126	22.1%	12.4%	94	18.3%	8.9%
Capital Cities Commun	126	22.1	19.5	88	18.6	18.2
Lear Siegler	129	22.1	15.2	206	14.8	12.1
Eli Lilly	130	22.0	21.7	57	20.6	19.4
Lucky Stores	130	22.0	21.1	272	13.7	13.5
Snap-On Tools	132	21.8	16.4	77	19.2	14.8
Petrie Stores	133	21.8	16.6	45	21.5	16.1
General Re	134	21.8	18.7	47	21.3	18.4
American Intl Group	135	21.7	19.0	54	20.7	18.6
Masco	136	21.6	16.9	316	12.9	11.4
Cullum Companies	137	21.4	16.8	351	12.5	10.7
Gannett	138	21.4	20.0	120	17.2	15.5
Anixter Bros	139	21.4	10.8	167	15.7	8.5
Cabot	140	21.3	9.9	248	14.0	7.5
Northwest Industries	140	21.3	1.7	352	12.5	2.3
Chesebrough-Pond's	142	21.3	19.2	108	17.5	16.3
Foster Wheeler	142	21.3	14.2	85	18.7	13.4
Intl Flavors & Frag	144	21.3	19.7	63	20.1	19.0
Midlantic Banks	145	21.2	21.4	188	15.2	16.3
Texas Commerce Bshs	146	21.2	20.1	69	19.8	18.6
IU International	147	21.1	13.1	570	9.4	8.0
Atlantic Richfield	148	21.1	15.9	299	13.2	9.9
Minn Mining & Mfg	149	21.1	18.5	93	18.3	16.1
Emerson Electric	150	21.0	19.5	70	19.7	17.9
Marriott	151	21.0	20.3	467	10.8	9.3
Supermarkets General	152	21.0	19.3	398	11.8	12.1
A C Nielsen	153	20.9	22.1	64	20.1	21.1
USAir Group	154	20.9	12.7	388	12.1	8.9
Piedmont Aviation	155	20.9	6.8	513	10.2	4.5
Cole National	156	20.8	16.5	235	14.3	11.3
Revco D S	156	20.8	21.3	103	17.7	18.2
Walgreen	156	20.8	23.2	168	15.7	18.8
G D Searle	159	20.8	22.8	162	16.0	18.7
Storage Technology	160	20.8	0.6	184	15.3	2.8
Geo International	161	20.7	def	117	17.2	def
Pay Less Drug NW	162	20.7	18.8	303	13.1	11.4
Natl Medical Entrprs	163	20.7	18.0	362	12.4	10.4
MGM Grand Hotels	164	20.7	NE	533	9.9	5.7
American Express	165	20.7	21.6	112	17.3	15.9
Morton Thiokol	166	20.6	16.3	173	15.6	15.7
Roadway Services	166	20.6	20.2	71	19.6	19.8
Weis Markets	168	20.6	19.6	56	20.6	19.5
Lubrizol	169	20.6	12.6	79	19.0	11.8
United States Shoe	170	20.5	19.9	132	16.7	17.3
Purolator	171	20.5	21.9	193	15.1	15.6
Amer Medical Intl	172	20.5	22.4	375	12.2	12.9
Brunswick	173	20.4	10.3	401	11.8	10.7
Pneumo	174	20.4	27.2	377	12.2	14.1
Bally Manufacturing	175	20.4	5.4	158	16.1	6.2
Payless Cashways	176	20.4	21.8	183	15.3	17.1
Service Merchandise	176	20.4	18.4	288	13.3	11.8
General Electric	178	20.3	19.4	94	18.3	17.7
Square D	178	20.3	12.5	142	16.6	10.6
Auto Data Processing	180	20.3	16.8	134	16.7	14.0
Genuine Parts	181	20.2	17.6	73	19.5	16.9
Blount	182	20.2	21.7	305	13.1	14.9
Arkla	183	20.2	16.2	481	10.6	8.6
Mercantile Texas	183	20.2	19.1	151	16.3	15.6
Winn-Dixie Stores	183	20.2	19.2	110	17.4	16.9
CBI Industries	186	20.1	12.4	154	16.2	10.0
R J Reynolds Inds	186	20.1	16.1	218	14.6	11.5
Equifax	188	20.1	22.2	131	16.8	18.6
Old Republic Intl	189	20.1	17.6	78	19.1	15.4
Ametek	190	20.1%	19.4%	214	14.6%	14.2%
Exxon	190	20.1	17.0	221	14.5	11.8
National Svc Inds	190	20.1	18.6	105	17.7	16.8
Louisiana Land	193	20.0	12.0	186	15.2	7.1
Wyman-Gordon	193	20.0	14.4	142	16.6	12.2
R H Macy	195	20.0	22.3	237	14.3	17.1
Anheuser-Busch Cos	196	20.0	18.7	407	11.7	11.2
Browning-Ferris Inds	197	20.0	21.5	270	13.7	16.1
Baker International	198	19.9	def	197	15.0	def
Beverly Enterprises	198	19.9	12.3	439	11.3	7.1
Cross & Trecker	200	19.9	1.7	89	18.5	1.9
Johnson & Johnson	201	19.9	17.9	80	19.0	16.8
Combustion Eng	202	19.8	13.6	319	12.9	9.8
Hewlett-Packard	202	19.8	18.0	81	18.9	16.9
Cox Communications	204	19.7	16.4	192	15.1	11.3
Sysco	204	19.7	18.2	179	15.4	13.9
Procter & Gamble	206	19.7	20.1	181	15.4	15.7
Giant Food	207	19.7	22.3	366	12.3	14.4
SONAT	208	19.6	18.7	410	11.6	10.3
Whittaker	208	19.6	9.7	92	18.4	14.5
Standard Oil Indiana	210	19.6	16.0	269	13.7	10.9
General Instrument	211	19.6	12.1	123	17.1	11.2
Bergen Brunswig	212	19.5	19.4	187	15.2	15.4
Engelhard	213	19.5	17.0	119	17.2	13.8
Unocal	213	19.5	14.2	281	13.5	10.4
Hannaford Bros	215	19.5	20.2	450	11.0	13.1
Hershey Foods	215	19.5	17.6	212	14.6	12.9
Std Comml Tobacco	217	19.4	13.9	152	16.3	13.2
Sundstrand	218	19.4	9.3	278	13.6	7.7
General Mills	219	19.4	20.8	200	15.0	16.1
State Street Boston	220	19.3	17.4	230	14.4	14.4
Combined Internatl	221	19.3	16.3	74	19.4	16.1
Tidewater	221	19.3	9.5	327	12.8	6.7
General Dynamics	223	19.3	23.0	223	14.5	17.4
Parker Drilling	224	19.3	def	237	14.3	0.9
Consol Freightways	225	19.2	12.5	182	15.3	10.2
Dr Pepper	225	19.2	5.9	66	19.9	6.8
Hospital Corp of Am	227	19.2	16.8	451	11.0	10.5
Reading & Bates	227	19.2	7.3	370	12.3	5.4
Cameron Iron Works	229	19.2	def	256	14.0	def
Upjohn	230	19.1	15.5	248	14.0	11.3
H J Heinz	231	19.1	20.6	204	14.9	16.3
New York Times	232	19.1	19.8	174	15.6	13.1
Universal Leaf	233	19.0	17.8	166	15.8	13.9
Flowers Industries	234	19.0	18.9	315	12.9	13.3
Longs Drug Stores	235	18.9	17.5	84	18.8	16.9
MAPCO	235	18.9	9.0	479	10.7	5.6
Petrolane	237	18.9	def	263	13.8	def
CPC International	238	18.9	16.1	188	15.2	13.1
Nabisco Brands	239	18.9	18.5	274	13.7	13.5
Warnaco	240	18.9	18.2	245	14.1	15.6
Ryder System	241	18.9	16.6	598	9.1	8.6
Ohio Casualty	242	18.9	12.3	86	18.6	12.3
Interpublic Group	243	18.8	16.5	104	17.7	16.4
H H Robertson	244	18.7	12.5	190	15.2	11.2
Gillette	245	18.7	19.7	258	13.9	14.2
Sanders Associates	245	18.7	16.4	111	17.3	14.4
E-Systems	247	18.7	25.6	106	17.6	24.7
Shell Oil	247	18.7	14.8	391	12.0	9.1
Times Mirror	249	18.6	17.3	214	14.6	12.0
Vulcan Materials	250	18.6	10.2	279	13.6	8.0
Meredith	251	18.6	20.1	349	12.5	12.9
Palm Beach	251	18.6	13.7	266	13.8	10.8

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. NE: negative equity.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Fuqua Industries	253	18.6%	39.8%	665	8.3%	17.0%	RepublicBank	316	17.4%	16.8%	200	15.0%	13.6%
Paine Webber	254	18.5	45.8	174	15.6	37.9	First Natl Supermkts	317	17.3	16.6	590	9.2	9.3
Transco Energy	254	18.5	14.4	672	6.2	7.2	Mobil	317	17.3	9.1	356	12.4	6.3
Baxter Travenol Labs	256	18.5	20.1	194	15.0	17.4	Illinois Tool Works	319	17.3	15.7	135	16.7	14.7
Rockwell Intl	257	18.5	18.8	217	14.6	15.9	Big Three Industries	320	17.2	8.4	299	13.2	7.0
Consolidated Papers	258	18.4	14.0	169	15.7	12.0	Pillsbury	321	17.2	16.0	429	11.4	11.2
Farmers Group	258	18.4	16.4	98	18.2	16.2	Raychem	321	17.2	10.8	170	15.7	9.8
Halliburton	260	18.4	9.5	171	15.6	8.6	Harvey Hubbell	323	17.2	14.0	155	16.2	13.2
Standard Oil Calif	260	18.4	12.2	225	14.4	9.4	Southern Union	323	17.2	10.6	533	9.9	6.3
Fluor	262	18.4	5.6	210	14.7	5.5	Culbro	325	17.1	7.2	478	10.7	7.0
Clorox	263	18.4	23.1	180	15.4	17.3	Stop & Shop Cos	326	17.1	22.3	527	10.0	11.5
Panhandle Eastern	263	18.4	10.1	547	9.7	5.5	Amer Hospital Supply	327	17.1	18.2	195	15.0	16.3
PepsiCo	265	18.3	14.7	294	13.2	10.4	Leaseway Transportation	327	17.1	12.2	560	9.6	8.2
Centex	266	18.3	13.6	664	8.3	8.3	InterNorth	329	17.1	15.4	519	10.1	9.4
Eastman Kodak	267	18.3	11.7	118	17.2	10.6	Jack Eckerd	330	17.1	13.5	140	16.6	13.1
Banc One	268	18.2	18.3	127	16.9	16.7	Rollins	330	17.1	1.8	210	14.7	1.9
Curtice-Burns	268	18.2	19.2	617	8.8	8.0	Edison Bros Stores	332	17.1	15.0	225	14.4	12.8
M/A-Com	270	18.2	9.3	109	17.4	7.8	Jewel Cos	333	17.0	16.4	480	10.7	10.3
CNA Financial	271	18.2	14.7	406	11.7	11.6	Texas Eastern	333	17.0	10.2	567	9.4	6.7
Fleming Cos	272	18.2	17.1	325	12.8	11.1	Barnett Banks Fla	335	17.0	18.8	233	14.4	16.7
Southwestern Pub Svc	273	18.2	21.3	646	8.5	10.6	Superior Oil	336	17.0	9.0	490	10.6	4.9
Cooper Industries	274	18.1	3.7	141	16.6	4.3	Southland	337	17.0	17.4	497	10.5	11.5
Amer Broadcasting	275	18.1	13.7	197	15.0	11.8	Sonoco Products	338	16.9	14.2	267	13.8	11.4
Phillips Petroleum	275	18.1	10.9	251	14.0	7.7	Zurn Industries	339	16.9	12.1	341	12.6	9.4
Warner Communications	275	18.1	def	255	14.0	def	United Telecom	340	16.9	14.7	683	8.1	7.4
Sun Company	278	18.1	10.7	338	12.6	7.2	Security Pacific	341	16.9	16.3	287	13.4	11.7
Nordstrom	279	18.0	18.6	312	12.9	13.5	Handy & Harman	342	16.9	6.8	395	11.9	5.9
Carnation	280	18.0	17.6	195	15.0	15.1	McLean Industries	342	16.9	19.0	656	8.4	9.8
Alco Standard	281	18.0	14.3	306	13.1	10.8	First Atlanta	344	16.9	19.0	298	13.2	15.1
Getty Oil	282	17.9	8.3	254	14.0	6.0	Air Prods & Chems	345	16.8	11.5	517	10.1	7.6
Martin Marietta	282	17.9	22.3	432	11.4	6.4	Moore Corp	346	16.8	13.5	243	14.1	11.9
Schering-Plough	284	17.9	14.4	145	16.5	12.0	Chic & North Western	347	16.8	5.2	813	6.5	4.7
ENSERCH	285	17.9	9.6	473	10.7	6.5	United Virginia Bshs	348	16.7	17.6	379	12.1	14.0
Kimberly-Clark	285	17.9	12.0	260	13.9	9.5	Fischbach	349	16.7	17.0	292	13.3	13.3
Bank of New England	287	17.9	16.0	280	13.6	12.9	First Union	350	16.7	19.1	301	13.2	16.6
Geico	287	17.9	def	657	8.4	4.6	Holly Corp	351	16.7	10.1	341	12.6	7.9
Centel	289	17.9	16.8	693	7.9	7.7	USF&G	352	16.7	11.7	132	16.7	11.7
Dayton-Hudson	290	17.9	16.5	207	14.7	12.6	Oneok	353	16.7	8.8	519	10.1	6.5
Intel	291	17.8	12.0	129	16.8	10.0	Tektronix	354	16.6	7.8	231	14.4	6.9
Pfizer	291	17.8	20.2	239	14.2	16.7	PNC Financial	355	16.6	16.8	184	15.3	15.1
Pitney Bowes	293	17.8	14.3	327	12.8	9.8	American General	356	16.5	14.9	227	14.4	11.0
Jerrico	294	17.8	14.0	309	13.0	10.8	Rohr Industries	357	16.5	21.7	463	10.8	15.0
Avnet	295	17.7	11.1	144	16.5	11.0	First City Bancorp	358	16.5	9.9	160	16.0	9.6
American Standard	296	17.7	8.5	323	12.8	6.4	Hughes Tool	358	16.5	def	263	13.8	0.9
Zapata	297	17.7	11.7	568	9.4	7.0	Ball Corp	360	16.5	16.2	466	10.8	11.0
W W Grainger	298	17.7	13.4	121	17.2	12.4	First Security	360	16.5	15.4	391	12.0	11.2
Dexter	299	17.6	16.3	337	12.7	11.6	General Foods	362	16.5	15.8	295	13.2	11.6
Bankers Trust NY	300	17.6	15.8	242	14.2	13.2	Peoples Drug Stores	363	16.4	17.8	306	13.1	13.0
Fleet Financial	301	17.6	18.1	414	11.6	11.3	Valley National	364	16.4	11.9	156	16.2	11.9
KN Energy	301	17.6	19.0	619	8.8	9.0	Universal Foods	365	16.3	19.6	345	12.6	13.9
Hanover Insurance	303	17.6	13.2	114	17.2	13.1	Scott & Fetzer	366	16.3	15.4	306	13.1	12.5
Harris Corp	304	17.6	9.0	333	12.7	6.7	MCA	367	16.3	15.7	199	15.0	14.7
Consolidated Foods	305	17.5	18.6	350	12.5	13.0	Sterling Drug	367	16.3	15.4	227	14.4	13.3
Denny's	306	17.5	17.1	504	10.3	10.7	Pacific Resources	369	16.3	7.8	540	9.8	5.7
Whirlpool	307	17.5	19.3	157	16.1	18.0	United Technologies	369	16.3	14.7	386	12.1	11.0
Malone & Hyde	308	17.5	19.0	281	13.5	14.7	Tyler	371	16.3	9.7	324	12.8	8.4
Briggs & Stratton	309	17.5	8.9	128	16.9	8.3	Knight-Ridder News	372	16.3	14.8	213	14.6	13.2
Am Natural Resources	310	17.5	17.8	618	8.8	8.7	Tenneco	372	16.3	13.1	573	9.4	7.4
Brown Group	311	17.5	17.5	227	14.4	15.1	Federal-Mogul	374	16.3	14.2	360	12.4	10.1
Circle K	312	17.4	27.9	475	10.7	16.3	Flickinger	375	16.2	17.4	297	13.2	12.5
Perkin-Elmer	312	17.4	9.5	190	15.2	9.0	Thrifty Corp	376	16.1	18.4	416	11.6	12.1
Amerada Hess	314	17.4	7.4	383	12.1	4.9	Kemper	377	16.1	9.5	147	16.5	9.6
TRW	315	17.4	12.2	427	11.5	8.6	Alleghany	378	16.1	13.0	301	13.2	10.9

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Emhart	378	16.1%	16.6%	263	13.8%	12.7%
R R Donnelley & Sons	380	16.1	17.5	261	13.9	14.2
Dynalectron	381	16.1	10.9	330	12.8	8.7
NCNB	382	16.0	16.8	335	12.7	13.4
Chubb	383	16.0	13.0	202	15.0	11.4
Tecumseh Products	383	16.0	13.7	163	15.9	13.3
American Petrofina	385	15.9	8.3	457	10.9	6.4
Bausch & Lomb	386	15.9	14.3	292	13.3	11.2
Caesars World	387	15.9	def	639	8.6	3.1
CBT	388	15.9	15.2	314	12.9	11.6
Waldbaum	389	15.9	15.9	481	10.6	10.7
American Greetings	390	15.8	15.7	389	12.0	12.4
Kroger	391	15.8	11.8	455	11.0	9.3
Sun Chemical	392	15.8	9.4	475	10.7	7.1
Figgie Intl Holdings	393	15.8	13.1	593	9.1	8.8
Mercantile Stores	394	15.8	16.4	356	12.4	13.4
Idle Wild Foods	395	15.8	7.5	338	12.6	6.5
Seaway Food Town	396	15.7	9.6	506	10.3	7.1
Digital Equipment	397	15.7	7.1	241	14.2	7.0
Oxford Industries	397	15.7	25.4	288	13.3	21.5
Citizens & Sthrn Ga	399	15.7	16.7	234	14.4	14.1
Wometco Enterprises	400	15.7	14.3	483	10.6	8.9
McCormick	401	15.7	16.1	344	12.6	13.3
Marsh Supermarkets	402	15.7	9.4	578	9.3	6.5
Crown Central Petroleum	403	15.6	0.2	547	9.7	1.5
Archer Daniels Midland	404	15.6	8.5	354	12.4	7.4
Gerber Products	405	15.6	15.8	256	14.0	13.2
Witco Chemical	406	15.6	15.0	470	10.8	9.9
Morrison-Knudsen	407	15.6	12.5	341	12.6	8.6
A H Robins	408	15.6	17.8	236	14.3	16.6
Transamerica	409	15.6	12.5	536	9.9	7.3
Iowa-Illinois G & E	410	15.6	18.3	739	7.4	7.9
St Paul Cos	410	15.6	12.4	216	14.6	12.1
Public Service Indiana	412	15.6	16.1	715	7.7	7.5
Saga	412	15.6	22.3	445	11.2	17.3
J P Morgan	414	15.5	15.2	258	13.9	14.1
Quaker Oats	414	15.5	9.5	436	11.3	7.4
U S Bancorp	414	15.5	10.9	394	11.9	8.8
Datapoint	417	15.5	4.0	124	17.1	4.3
Citicorp	418	15.5	17.1	516	10.1	9.1
Mercantile Bancorp	419	15.5	13.1	366	12.3	11.0
Avery International	420	15.4	15.7	419	11.5	11.8
Bank of Boston	420	15.4	15.7	409	11.6	12.9
Diversified Energies	422	15.4	15.0	517	10.1	10.0
United Illuminating	423	15.4	18.7	614	8.8	10.0
Westinghouse Electric	424	15.4	12.8	270	13.7	12.1
First Interstate Bancp	425	15.4	12.7	345	12.6	10.5
New England Electric	426	15.4	18.3	754	7.3	8.3
Brooklyn Union Gas	427	15.4	15.7	591	9.2	10.0
Dibrell Brothers	427	15.4	20.4	384	12.1	13.8
Texaco	429	15.4	9.0	433	11.3	7.3
Parker-Hannifin	430	15.4	7.9	327	12.8	6.9
Union Camp	431	15.4	10.7	461	10.9	7.0
McKesson	432	15.3	12.8	487	10.6	9.6
Gulf United	433	15.3	14.1	353	12.5	10.2
Carpenter Technology	434	15.3	6.6	248	14.0	5.2
Xerox	435	15.3	10.0	277	13.6	10.1
Cincinnati Milacron	436	15.3	def	446	11.1	def
Southwest Bancshares	437	15.2	11.6	266	14.1	10.5
North American Coal	438	15.2	23.1	824	6.4	6.4
Texas American Bshs	439	15.2	12.9	281	13.5	11.2
Dillard Dept Stores	440	15.1	20.8	575	9.3	12.8
Intl Minerals & Chem	440	15.1	8.4	494	10.5	6.5
Texas Utilities	440	15.1%	15.3%	659	8.4%	8.4%
Safeco	443	15.1	13.6	325	12.8	11.7
A E Staley Mfg	443	15.1	1.3	472	10.7	2.2
Central & South West	445	15.1	15.7	709	7.7	8.4
Northwest Energy	445	15.1	7.8	626	8.7	4.8
First Natl State Bcp	447	15.1	16.6	321	12.8	15.2
Gates Learjet	448	15.0	0.2	310	12.9	1.1
General Signal	448	15.0	10.3	244	14.1	9.6
Wm Wrigley Jr	450	15.0	16.0	224	14.5	15.5
Campbell Soup	451	15.0	15.3	319	12.9	12.6
W R Grace	451	15.0	7.1	498	10.4	5.5
Tyson Foods	453	15.0	22.8	637	8.6	10.7
PACCAR	454	14.9	5.3	247	14.0	5.1
Richardson-Vicks	455	14.9	10.5	221	14.5	9.2
Motorola	456	14.9	11.9	286	13.5	10.9
Dart & Kraft	457	14.9	15.6	359	12.4	13.0
Mountain Fuel Supply	458	14.8	19.0	602	9.0	10.2
Univar	458	14.8	7.2	547	9.7	5.9
Wachovia	460	14.8	16.9	218	14.6	17.1
NL Industries	461	14.8	def	405	11.7	def
Ralston Purina	462	14.8	23.8	460	10.9	16.9
Wisconsin Pwr & Lt	462	14.8	16.5	731	7.5	8.2
Alexander & Baldwin	464	14.8	13.5	501	10.4	9.5
Revlon	465	14.7	7.6	332	12.7	6.4
Ruddick	465	14.7	15.0	503	10.3	10.8
Irving Bank	467	14.7	12.3	410	11.6	9.6
Lowe's Companies	468	14.7	19.5	379	12.1	16.2
Pacific Lighting	468	14.7	15.7	606	8.9	9.7
Bank of New York	470	14.7	16.2	284	13.5	15.2
CBS	470	14.7	11.1	347	12.5	9.3
Business Men's Assur	472	14.7	13.9	253	14.0	12.8
Stanadyne	472	14.7	11.5	378	12.1	9.4
Stone Container	472	14.7	1.6	641	8.6	1.4
Intl Multifoods	475	14.7	15.2	462	10.9	11.3
No States Power	475	14.7	17.5	775	7.1	8.1
Aetna Life & Casualty	477	14.7	9.5	267	13.8	8.8
Continental Telecom	478	14.6	14.3	726	7.5	7.2
Southeast Banking	479	14.6	12.8	436	11.3	10.8
Heck's	480	14.6	6.3	543	9.7	6.2
Chemical New York	481	14.6	13.9	424	11.5	11.9
Golden West Finl	481	14.6	48.3	333	12.7	39.6
Johnson Controls	481	14.6	15.3	413	11.6	12.3
Indianapolis Pwr & Lt	484	14.6	16.4	746	7.4	8.2
NCR	484	14.6	13.5	313	12.9	12.3
Rohm & Haas	486	14.6	16.5	442	11.2	12.8
Newmont Mining	487	14.6	4.9	531	9.9	3.7
Kidde	488	14.5	10.7	554	9.6	7.7
Natl Semiconductor	488	14.5	def	420	11.5	0.2
Commercial Metals	490	14.5	7.1	410	11.6	6.6
Dennison Mfg	491	14.5	13.2	331	12.7	11.4
Manufacturers Hanover	491	14.5	14.0	417	11.5	9.8
May Dept Stores	493	14.5	16.3	524	10.0	10.7
InterFirst	494	14.5	def	354	12.4	def
Provident Life & Acc	495	14.4	12.4	232	14.4	12.4
Blue Bell	496	14.4	11.1	321	12.8	9.7
First Bank System	497	14.4	13.9	387	12.1	11.4
American Family	498	14.4	13.7	374	12.2	8.8
Southern Calif Edison	499	14.4	17.5	636	8.7	10.0
TECO Energy	499	14.4	15.0	785	6.9	7.1
Nash Finch	501	14.4	13.4	423	11.5	10.9
Colgate-Palmolive	502	14.3	15.2	402	11.7	12.6
Peoples Energy	503	14.3	11.7	753	7.3	6.5
Wisconsin Public Svc	503	14.3	16.6	758	7.2	8.1

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
GTE	505	14.3%	15.6%	728	7.5%	7.8%	Cleveland Elec Illum	568	13.4%	15.9%	701	7.8%	8.6%
Ethyl	506	14.3	12.5	514	10.2	8.7	Pay'n Save	569	13.4	13.3	529	10.0	9.2
Northrop	506	14.3	14.8	316	12.9	13.4	Union Pacific	570	13.4	9.4	642	8.6	5.5
Royal Crown Cos	508	14.3	14.1	484	10.6	10.7	Safeway Stores	571	13.4	14.5	629	8.7	8.9
Honeywell	509	14.3	10.6	441	11.2	8.4	BankAmerica	572	13.4	7.7	439	11.3	7.7
Kansas Power & Light	509	14.3	16.5	736	7.5	8.3	Orange & Rockland	573	13.3	14.1	744	7.4	7.9
Sun Banks	511	14.2	14.6	311	12.9	12.9	Pacific Pwr & Lt	573	13.3	15.3	695	7.9	8.4
Best Products	512	14.2	12.8	579	9.3	6.6	Joy Manufacturing	575	13.3	0.6	426	11.5	1.0
Chase Manhattan	513	14.2	13.2	455	11.0	10.8	Harsco	576	13.3	7.1	444	11.2	6.4
George A Hormel	514	14.2	9.9	396	11.8	6.9	Donaldson, Lufkin	577	13.3	13.6	402	11.7	10.7
Capital Holding	515	14.2	14.0	272	13.7	11.8	First Wisconsin	577	13.3	12.8	451	11.0	11.5
Ogden	516	14.2	10.2	632	8.7	7.5	Frederick & Herrud	577	13.3	20.7	576	9.3	12.4
U S Home	516	14.2	10.7	726	7.5	5.4	Consolidated Edison	580	13.3	15.3	723	7.6	8.9
Federated Dept Stores	518	14.2	14.6	408	11.6	11.4	Dresser Industries	581	13.2	0.1	447	11.1	0.9
Gordon Jewelry	519	14.2	9.2	379	12.1	8.1	Federal Paper Board	581	13.2	4.3	706	7.8	4.3
Wells Fargo	520	14.1	12.5	453	11.0	9.5	Kansas City Pwr & Lt	583	13.2	17.6	818	6.5	7.6
MGM/UA Entertainment	521	14.1	13.1	494	10.5	7.2	Laclede Gas	584	13.2	12.3	719	7.6	7.5
Travelers	521	14.1	11.2	274	13.7	11.1	North Amer Philips	585	13.2	11.2	587	9.2	7.8
Commonwealth Energy	523	14.1	19.1	796	6.8	8.3	United States Gypsum	586	13.2	9.7	541	9.8	7.6
Consol Natural Gas	524	14.1	15.2	648	8.5	9.0	Mellon National	587	13.2	13.0	429	11.4	12.1
Insilco	524	14.1	13.4	585	9.2	9.1	Norton	588	13.2	4.9	438	11.3	5.0
Frontier Holdings	526	14.1	def	557	9.6	def	Pacific Gas & Elec	588	13.2	14.0	644	8.5	8.8
Corestates Financial	527	14.0	16.5	414	11.6	15.7	CFS Continental	590	13.1	14.8	565	9.5	10.7
Kerr-McGee	528	14.0	10.4	565	9.5	6.7	Hoover Universal	591	13.1	17.2	546	9.7	12.2
USLIFE	528	14.0	10.8	431	11.4	9.0	Beatrice Foods	592	13.1	15.3	490	10.6	11.8
Maryland National	530	14.0	12.6	397	11.8	10.4	PSA	593	13.1	def	655	8.4	0.7
Norfolk Southern	530	14.0	8.5	633	8.7	5.8	San Diego Gas & Elec	593	13.1	16.7	624	8.8	10.3
Arizona Public Service	532	14.0	15.0	625	8.7	9.0	Amsted Industries	595	13.1	def	335	12.7	def
Greyhound	533	14.0	10.3	510	10.2	8.5	City Investing	596	13.0	9.7	591	9.2	8.5
Rose's Stores	534	14.0	21.3	362	12.4	18.9	Gt Northern Nekoosa	596	13.0	8.7	583	9.3	6.2
PPG Industries	535	13.9	12.1	499	10.4	8.9	American District	598	13.0	13.7	579	9.3	9.4
Quaker State Oil	535	13.9	13.2	553	9.6	9.2	Wetterau	599	13.0	14.6	515	10.2	10.3
Ex-Cell-O	537	13.9	11.6	393	1.9	10.0	Central Ill Pub Svc	600	13.0	15.4	794	6.8	7.4
Stanley Works	538	13.9	11.2	398	11.8	9.7	Cincinnati G & E	600	13.0	15.2	735	7.5	7.9
General Host	539	13.9	13.1	665	8.3	7.6	Diamond Shamrock	602	12.9	7.4	623	8.8	5.7
N Y State Elec & Gas	540	13.8	14.3	662	8.3	8.5	Gulf Oil	602	12.9	9.3	502	10.3	6.9
Earle M Jorgensen	541	13.8	3.5	385	12.1	3.7	Torchmark	602	12.9	13.6	372	12.3	11.8
Illinois Power	542	13.8	16.5	731	7.5	8.2	Norwest	605	12.9	10.4	511	10.2	6.9
Duke Power	543	13.8	14.6	731	7.5	7.8	K mart	606	12.9	15.2	576	9.3	10.3
Milton Bradley	544	13.8	2.0	376	12.2	2.6	Central Illinois Lt	607	12.9	14.7	849	6.0	6.5
Allegheny Power	545	13.8	15.4	747	7.4	7.9	Dayton Power & Light	608	12.9	14.3	691	8.0	8.4
Long Island Lighting	546	13.7	15.0	597	9.1	9.7	Amstar	609	12.8	7.8	544	9.7	6.5
Kay	547	13.6	3.0	660	8.3	4.6	Hercules	609	12.8	11.4	508	10.3	10.2
Wisconsin Elec Power	547	13.6	15.6	739	7.4	8.5	National City	609	12.8	11.9	366	12.3	10.4
Coastal Corp	549	13.6	16.6	738	7.5	7.3	Super Food Services	609	12.8	19.3	615	8.8	10.0
Columbia Gas System	550	13.6	10.8	702	7.8	6.7	Monfort of Colorado	613	12.8	30.6	596	9.1	20.7
Perini	550	13.6	14.2	458	10.9	9.7	Borden	614	12.8	13.3	563	9.5	9.9
Zayre	552	13.6	17.2	568	9.4	11.6	Federal Co	615	12.8	12.8	417	11.5	11.6
Rainier Bancorp	553	13.6	12.1	373	12.2	10.8	Houston Industries	616	12.8	15.7	763	7.2	8.0
Squibb	553	13.6	15.0	467	10.8	12.2	FMC	617	12.8	12.1	582	9.3	8.6
Harcourt Brace Jovan	555	13.6	15.2	560	9.6	9.8	Potomac Elec Power	618	12.8	14.7	775	7.1	7.7
Dow Chemical	556	13.5	4.9	608	8.9	4.9	So New England Tel	618	12.8	14.4	749	7.3	7.9
Gulf States Utils	556	13.5	16.0	721	7.6	8.9	Westvaco	620	12.7	8.2	601	9.0	6.4
MidCon	556	13.5	12.1	639	8.6	8.0	Eastern Gas & Fuel	621	12.7	7.7	709	7.7	5.2
E I du Pont	559	13.5	9.2	420	11.5	7.4	Florida Power & Lt	621	12.7	13.9	811	6.6	6.9
Borg-Warner	560	13.5	12.1	370	12.3	10.9	Becton, Dickinson	623	12.7	6.2	477	10.7	5.2
Data General	560	13.5	4.9	390	12.0	5.2	International Paper	624	12.6	5.8	587	9.2	5.1
Union Electric	562	13.5	17.2	804	6.7	7.5	Rochester Gas & Elec	624	12.6	14.9	704	7.8	8.8
Montana Power	563	13.5	14.6	690	8.0	7.5	Echlin	626	12.6	14.5	471	10.7	11.9
Niagara Mohawk Power	563	13.5	15.6	689	8.0	8.9	McDonnell Douglas	626	12.6	13.5	348	12.5	13.3
Alcan Aluminium	565	13.5	0.7	564	9.5	1.9	Baltimore Gas & Elec	628	12.6	14.4	763	7.2	7.9
Seagram	565	13.5	8.7	526	10.0	7.3	National Can	629	12.6	5.5	598	9.1	4.8
Smith International	565	13.5	def	420	11.5	def	Central Steel & Wire	630	12.5	10.3	365	12.3	10.1

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

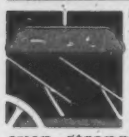
Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Fidelcor	630	12.5%	21.0%	486	10.6%	17.4%	Shawmut	693	11.4%	10.6%	463	10.8%	9.9%
Holiday Inns	630	12.5	12.6	511	10.2	10.0	Sherwin-Williams	695	11.4	15.2	712	7.7	10.7
Continental Group	633	12.5	9.5	619	8.8	6.9	Lincoln National	696	11.3	10.6	508	10.3	9.4
Penn Power & Light	634	12.5	12.6	786	6.9	6.7	Parker Pen	697	11.3	def	434	11.3	def
Time Inc	634	12.5	10.6	522	10.1	8.5	Collins & Aikman	698	11.3	16.5	612	8.9	12.3
Delmarva Power & Lt	636	12.5	15.2	749	7.3	8.2	Centerre Bancorp	699	11.3	7.3	492	10.5	6.5
Allied Stores	637	12.5	13.8	604	9.0	9.0	Public Service Colo	700	11.3	11.7	802	6.7	6.8
Oklahoma Gas & Elec	638	12.4	15.4	806	6.6	7.7	McGraw-Edison	701	11.2	6.8	524	10.0	6.4
Life Investors	639	12.4	11.1	404	11.7	10.3	Levitz Furniture	702	11.2	12.2	699	7.8	8.5
Carolina Pwr & Lt	640	12.4	12.9	796	6.8	6.8	Ferro	703	11.2	8.5	533	9.9	7.1
Middle South Utils	641	12.4	13.0	771	7.1	7.5	Comerica	704	11.2	10.8	465	10.8	11.1
Portland Genl Elec	641	12.4	12.8	703	7.8	8.6	Dana	704	11.2	6.6	556	9.6	6.4
American Tel & Tel	643	12.3	10.2	744	7.4	6.5	Colonial Penn Group	706	11.1	13.3	448	11.1	13.3
Thriftimart	643	12.3	7.5	494	10.5	6.7	Hyster	707	11.1	0.1	554	9.6	0.5
Economics Laboratory	645	12.3	def	519	10.1	def	Union Carbide	707	11.1	4.3	683	8.1	3.8
West Point-Pepperell	646	12.3	13.3	536	9.9	10.8	Easco	709	11.1	9.0	657	8.4	6.5
Society	647	12.3	12.4	448	11.1	10.7	Louisville Gas & Elec	710	11.0	12.5	840	6.2	6.4
Toledo Edison	647	12.3	14.5	721	7.5	8.1	Penn Central	710	11.0	5.8	660	8.3	5.4
Penn Traffic	649	12.2	13.0	559	9.6	9.6	Burlington Northern	712	11.0	13.0	697	7.9	9.3
Jefferson-Pilot	650	12.2	9.9	379	12.1	9.9	Godfrey	713	11.0	6.1	686	8.1	6.0
Southern Company	651	12.2	14.1	841	6.1	6.6	ARA Services	714	10.9	10.2	629	8.7	8.5
Interco	652	12.2	9.2	454	11.0	8.5	Duquesne Light	715	10.9	12.4	820	6.5	6.9
NICOR	653	12.2	3.0	777	7.1	2.9	Intl Tel & Tel	716	10.9	10.1	612	8.9	8.5
Commonwealth Edison	654	12.2	16.7	800	6.7	8.1	Strawbridge & Clothier	716	10.9	12.9	678	8.1	9.0
Stauffer Chemical	655	12.2	def	604	9.0	0.5	Cone Mills	718	10.9	4.8	523	10.0	4.8
Utah Power & Light	656	12.1	13.6	742	7.4	7.5	American Elec Power	719	10.8	10.7	782	7.0	6.6
So Carolina E & G	657	12.1	13.2	828	6.3	6.6	Gould	720	10.8	8.2	627	8.7	7.1
Florida Progress	658	12.1	14.1	838	6.2	6.6	DeSoto	721	10.8	13.9	600	9.0	11.5
H J Wilson	658	12.1	5.3	609	8.9	5.2	Detroit Edison	721	10.8	13.0	852	6.0	6.2
Continental Illinois	660	12.1	6.8	487	10.6	6.5	Moore McCormack Res	721	10.8	1.7	736	7.5	3.2
National Fuel Gas	661	12.1	10.2	704	7.8	7.1	California First Bnk	724	10.8	8.1	627	8.7	8.0
Crown Cork & Seal	662	12.1	7.9	485	10.6	6.9	Washington National	725	10.8	7.3	529	10.0	7.1
Atlantic City Elec	663	12.0	14.9	773	7.1	8.0	Walt Disney	726	10.8	7.2	551	9.7	5.8
Hartmarx	664	12.0	13.7	499	10.4	11.2	AmeriTrust	727	10.8	9.6	469	10.8	9.6
Boston Edison	665	12.0	12.2	857	5.8	6.0	Carson Pirie Scott	728	10.7	11.7	682	8.1	8.3
Northeast Utilities	665	12.0	17.3	796	6.8	8.4	Washington Gas Light	729	10.7	13.2	814	6.5	7.0
J C Penney	667	11.9	12.6	562	9.5	9.8	Stewart & Stevenson	730	10.7	6.9	629	8.7	5.7
Trane	667	11.9	9.1	545	9.7	7.1	Associated Dry Goods	731	10.6	12.9	551	9.7	10.5
Transway Intl	669	11.9	7.2	506	10.3	6.7	Alcoa	732	10.6	def	675	8.2	1.8
American Natl Ins	670	11.8	11.5	400	11.8	11.5	Magic Chef	733	10.6	18.5	610	8.9	13.3
Phila Electric	671	11.8	13.8	810	6.6	7.2	Kentucky Utilities	734	10.5	13.1	817	6.5	7.6
Avco	672	11.8	7.1	815	6.5	6.3	Control Data	735	10.5	8.8	787	6.9	6.3
Ceco	672	11.8	9.1	550	9.7	7.6	Farm House Foods	736	10.5	1.3	570	9.4	6.8
Ohio Edison	672	11.8	13.4	762	7.2	7.6	Southern Pacific	737	10.5	22.7	781	7.0	13.1
Household Intl	675	11.8	13.5	792	6.8	7.3	Hammermill Paper	738	10.4	4.4	791	6.8	3.1
Pub Svc Elec & Gas	676	11.8	13.0	803	6.7	7.3	Monsanto	739	10.4	9.2	729	7.5	6.8
Ryan Homes	677	11.8	15.1	505	10.3	12.2	Scovill	740	10.4	12.9	670	8.3	9.8
Tribune	678	11.7	10.3		**	6.7	Santa Fe Industries	741	10.4	7.5	771	7.1	5.1
Liquid Air	679	11.7	8.3	594	9.1	6.1	National Gypsum	742	10.4	7.8	678	8.1	6.4
White Consolidated	679	11.7	8.5	649	8.5	7.2	UGI	742	10.4	1.2	765	7.2	3.1
Allied Corp	681	11.6	9.0	673	8.2	7.4	GATX	744	10.4	4.3	873	5.3	3.9
NBD Bancorp	682	11.6	10.7	474	10.7	10.0	Riegel Textile	745	10.3	5.4	700	7.8	4.6
Crocker National	683	11.6	5.3	579	9.3	5.4	Sperry	746	10.3	6.1	651	8.4	5.4
Puget Sound Pwr & Lt	684	11.6	10.1	778	7.0	6.2	Fieldcrest Mills	747	10.3	9.3	668	8.3	7.8
Signal Cos	685	11.5	3.4	573	9.4	4.0	DEKALB AgResearch	748	10.2	3.5	731	7.5	2.3
Morse Shoe	686	11.5	15.0	527	10.0	11.5	Textron	749	10.2	6.7	611	8.9	6.4
American Cyanamid	687	11.5	9.7	606	8.9	7.9	Cluett, Peabody	750	10.2	11.8	637	8.6	9.3
Corning Glass Works	687	11.5	9.7	538	9.9	7.3	Gulf & Western Inds	750	10.2	def	812	6.6	def
Consumers Power	689	11.4	11.2	821	6.4	6.6	Michigan National	752	10.2	8.2	633	8.7	7.8
Fleetwood Enterprises	690	11.4	31.9	442	11.2	31.0	Scott Paper	752	10.2	6.2	698	7.8	5.2
Munford	690	11.4	13.6	742	7.4	10.1	Texas Instruments	754	10.1	def	493	10.5	def
Warner-Lambert	692	11.4	16.9	687	8.0	10.2	Dominion Resources	755	10.1	11.1	825	6.4	6.6
Foxboro	693	11.4	3.1	487	10.6	3.2	Manufacturers National	755	10.1	12.5	583	9.3	11.6

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. **Not available; not ranked.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
RCA	757	10.1%	8.4%	602	9.0%	7.8%
Northern Trust	758	10.0	6.4	585	9.2	6.2
Anderson, Clayton	759	10.0	4.8	542	9.8	5.3
Arden Group	760	10.0	6.4	766	7.1	6.0
Cessna Aircraft	761	10.0	def	622	8.8	def
Marine Midland Banks	761	10.0	10.7	668	8.3	8.4
Yellow Freight System	763	10.0	16.8	758	7.2	11.6
Sears, Roebuck	764	9.9	13.3	587	9.2	10.9
Dorsey	765	9.9	13.6	741	7.4	10.2
Ingersoll-Rand	766	9.9	def	683	8.1	0.3
Willamette Inds	767	9.9	5.5	678	8.1	4.7
Weyerhaeuser	768	9.8	3.4	720	7.6	3.7
ACF Industries	769	9.8	0.2	837	6.2	2.4
LTV	769	9.8	def	888	5.0	def
National Distillers	769	9.8	4.4	678	8.1	4.5
WICOR	772	9.7	9.0		**	**
Zale	773	9.7	5.0	595	9.1	5.4
Raymond Intl	774	9.6	9.9	633	8.7	9.1
Colt Industries	775	9.6	17.6	729	7.5	14.6
Hawaiian Electric	776	9.6	8.3	848	6.0	5.7
Bemis	777	9.6	6.0	766	7.1	5.5
Grumman	778	9.6	18.2	665	8.3	11.9
CSX	779	9.6	4.1	805	6.6	4.0
Central Soya	780	9.5	8.3	713	7.7	6.9
City Federal S & L	781	9.5	21.7	558	9.6	21.2
Atlanta Gas Light	782	9.5	10.3	839	6.2	6.8
Eagle-Picher Inds	783	9.5	5.5	691	8.0	5.2
First Chicago	784	9.4	11.6	643	8.6	9.9
Berkshire Hathaway	785	9.4	7.7	572	9.4	8.0
Black & Decker	786	9.4	9.5	654	8.4	6.6
ASARCO	787	9.4	2.2	653	8.4	3.7
Roper Corp	787	9.4	14.9	756	7.2	11.0
Carter Hawley Hale	789	9.3	8.0	825	6.4	5.9
Pueblo International	789	9.3	7.6	773	7.1	6.0
Harris Bankcorp	791	9.3	8.7	616	8.8	8.2
SCM	792	9.2	3.0	758	7.2	3.4
BanCal Tri-State	793	9.2	13.7	713	7.7	11.8
Butler Manufacturing	794	9.2	def	673	8.2	0.2
Equitable of Iowa	795	9.1	8.9	652	8.4	8.8
Springs Industries	796	9.1	8.0	688	8.0	7.3
Williams Cos	797	9.1	2.4	858	5.8	2.5
Ideal Basic Inds	798	9.1	3.6	841	6.1	2.8
Shopwell	799	9.0	10.5	801	6.7	7.7
Champion Spark Plug	800	9.0	5.8	650	8.5	5.6
Continental Corp	801	9.0	1.9	646	8.5	2.0
Pennwalt	801	9.0	6.2	768	7.1	6.0
Adolph Coors	803	9.0	10.8	671	8.2	9.6
Potlatch	804	8.9	5.2	808	6.6	4.2
Pac.Gamble Robinson	805	8.9	6.3	717	7.7	6.4
Robertshaw Controls	806	8.8	11.8	748	7.3	9.5
Owens-Corning Fbrgls	807	8.8	9.8	761	7.2	7.3
Goodyear	808	8.8	7.0	751	7.3	7.0
Allegheny Intl	809	8.8	def	707	7.7	2.9
Phillips-Van Heusen	809	8.8	11.9	725	7.6	10.2
Gifford-Hill	811	8.7	1.2	696	7.9	4.1
King Kullen Grocery	812	8.7	11.1	677	8.1	10.2
Varian Associates	813	8.6	15.2	715	7.7	12.9
Owens-Illinois	814	8.6	2.6	827	6.3	2.9
McDermott Intl	815	8.6	7.4	830	6.3	6.0
Georgia-Pacific	816	8.5	2.0	855	5.9	2.4
No Indiana Pub Svc	817	8.4	10.5	869	5.4	6.0
St Regis	817	8.4	def	822	6.4	0.5
Rexnord	819	8.4	2.4	718	7.7	3.1
Amfac	820	8.4%	def	833	6.3%	def
Boise Cascade	821	8.4	3.8%	789	6.9	4.2%
Research-Cottrell	822	8.3	4.2	676	8.2	4.7
Lone Star Industries	823	8.3	def	707	7.7	1.3
Armstrong World Inds	824	8.3	9.1	768	7.1	7.6
Jim Walter	824	8.3	10.2	844	6.1	6.8
Deere	826	8.3	def	780	7.0	0.2
IC Industries	827	8.3	4.6	863	5.5	4.2
Amer Maize-Products	828	8.3	3.2	792	6.8	3.8
Delta Air Lines	829	8.2	def	868	5.5	def
Champion Intl	830	8.2	3.5	853	6.0	3.4
Mead	830	8.2	def	799	6.7	1.3
Celanese	832	8.2	3.1	830	6.3	3.2
Olin	833	8.2	6.9	819	6.5	5.7
Athlone Industries	834	8.2	def	789	6.9	1.4
Midland-Ross	834	8.2	def	709	7.7	def
Stewart-Warner	836	8.0	2.2	694	7.9	2.2
Burroughs	837	8.0	9.0	755	7.3	7.3
Di Giorgio	838	8.0	5.4	835	6.2	4.3
Fisher Foods	839	8.0	3.4	881	5.2	3.4
G C Murphy	840	7.9	11.1	830	6.3	8.2
Arvin Industries	841	7.9	7.8	815	6.5	6.6
Ampco-Pittsburgh	842	7.9	def	539	9.8	1.7
Outboard Marine	842	7.9	11.8	788	6.9	9.8
El Paso	844	7.9	14.4	879	5.2	7.0
UMC Industries	845	7.9	2.1	783	6.9	3.2
Hoover	846	7.7	12.7	888	5.0	10.2
Timken	847	7.7	def	756	7.2	def
Gas Service	848	7.6	3.6	869	5.4	3.8
Burlington Inds	849	7.5	7.7	843	6.1	6.3
Barnes Group	850	7.4	def	778	7.0	def
Longview Fibre	851	7.4	4.6	723	7.6	4.6
Brockway Inc (NY)	852	7.3	4.5	847	6.0	4.2
Interlake	853	7.2	3.6	835	6.2	4.0
Skyline	854	7.2	6.9	768	7.1	6.8
Amdahl	855	7.1	8.4	752	7.3	7.9
Anchor Hocking	856	7.1	def	849	6.0	0.1
Crane	856	7.1	def	866	5.5	def
BancOhio	858	6.9	4.8	795	6.8	5.2
Bangor Punta	859	6.8	def	885	5.1	def
General Motors	860	6.7	14.2	829	6.3	11.8
Kellwood	861	6.6	15.4	784	6.9	13.0
M Lowenstein	862	6.6	10.5	846	6.1	8.3
Copperweld	863	6.6	def	860	5.7	def
AMF	864	6.5	def	871	5.4	def
Louisiana-Pacific	864	6.5	2.7	898	4.6	2.1
Caterpillar Tractor	866	6.5	def	807	6.6	def
Dayco	867	6.5	1.8	886	5.0	3.9
Walter E Heller Intl	868	6.4	def	845	6.1	5.5
Manhattan Industries	869	6.4	12.9	854	5.9	8.9
Armstrong Rubber	870	6.4	13.1	834	6.3	10.0
Genl Tire & Rubber	871	6.4	6.0	862	5.5	5.5
Reichhold Chemicals	872	6.3	8.4	878	5.2	6.1
Western Union	873	6.1	9.1	849	6.0	7.2
Kaiser Alum & Chem	874	6.0	def	890	4.9	def
Bucyrus-Erie	875	5.9	def	856	5.8	def
Acme-Cleveland	876	5.9	def	887	5.0	def
Sheller-Globe	877	5.9	10.2	880	5.2	7.4
Avondale Mills	878	5.6	12.2	876	5.3	10.5
Cummins Engine	879	5.6	def	883	5.1	def
Amerace	880	5.5	def	906	4.4	def
Castle & Cooke	881	5.5	2.8	872	5.4	3.9
Libbey-Owens-Ford	882	5.4	4.8	859	5.8	5.3

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. **Not available; not ranked.



use of computers for tight inventory control has been a major reason for this success. Return on equity might look even stronger if the company used more debt leverage. But, in contrast to many of the 5,000 or so jobbers to whom it sells, Genuine Parts keeps debt totals so small you need a magnifying glass to find them.

In this age of diversification, of course, it's important to remember that the numbers for several of the companies listed in the table are skewed by nonautomotive operations. Lear Siegler, Inc., for example, gets less than 30% of its sales from auto supplies; 60% of its business is in aerospace, machine tools and electronics. Highly diversified Borg-Warner and TRW get only about 30% of sales here, Rockwell International only about 18% (which is still well over $1 billion). Libbey-Owens-Ford gets roughly 40% of revenues from sales to the auto industry, PPG Industries, Inc., considerably less.

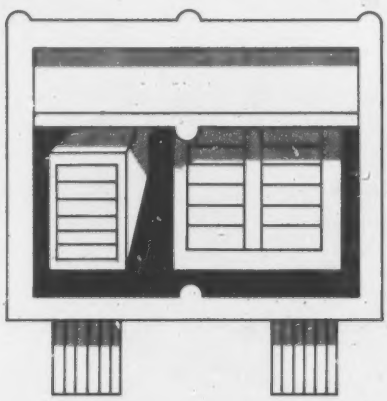
A glance at the bottom of the list is instructive, too. Take A.O. Smith, a company that's now back in the black after moneylosing years in 1980 and 1982. Smith specialties include frames for big cars and light trucks (mainly for General Motors), both of which are now selling well. So why is Smith hurting? Because of big losses in its agricultural-products operation. Meanwhile, Sheller-Globe Corp., still fairly highly leveraged despite a recent stock offering, is trying to blast its way out of the doldrums through capital spending and acquisitions.

Results for the tire and rubber group, most of which have diversified into almost anything that isn't round and doesn't roll, continue to range from dismal to uninspiring. Chemicals have been their favorite diversification, but in many product lines they have merely gone from one buyer's market to another.

What it all boils down to is that the dynamics of the auto supply business have changed as permanently in the last several years as those of the industry it serves. Companies that fail to rework their strategies accordingly may find the sledding even tougher in the years ahead. ■

If you're an aggressive trucker with access to capital, the future is bright. If not, there isn't much you can do about it.

Truckers and shippers



By Lawrence Minard

NEVER BEFORE HAVE we seen so many companies losing money while a very few firms are making piles of money and heading hog-wild into the future," says Ronald Roth, who is director of statistical research at the American Trucking Association.

Look at the Yardstick companies below. For most of them 1983 was a good year. For some it was a great year. Kansas City's big Yellow Freight System, for example, ranked second only to longtime industry profit leader Roadway Services on the Forbes Yardsticks with earnings of $36.4 million in 1983's first nine months, more than Yellow earned in all of 1981 and 1982 combined. Roadway Services, biggest and most profitable of the common carriers, earned 20.2% on equity and nearly as much on its debt-free capital. Roadway would have done better as 1983 progressed were it not for the fact that around 30% of its operating earnings came from interest on its $400 million cash hoard, which shielded Roadway from some of trucking's operating leverage as the economy recovered.

A $280 million cash position also helps to explain why Consolidated Freightways' latest 12-month return on equity dropped sharply from CF's five-year average. A much more leveraged trucker, IU International's $750 million (sales) Ryder/PIE division lost $10 million pretax in 1982, but chalked up $20 million pretax in 1983 and will probably earn over $40 million in the year ahead.

For the big truckers with money, or good credit lines, the winning strategy is obvious: Invest heavily in equipment and route expansion and slug it out for bigger shares of profitable markets. The new investment should help keep operating costs down and enable marketing men to offer superior service. It should also enable the surviving truckers to dictate pricing in the years ahead as the weaker trucking competitors fold.

Like the airlines, the deregulated trucking companies must watch that upstarts with lower cost structures don't skim away the most profitable business. This is especially true in the easy-to-enter truckload segment. Consolidated, Yellow and Ryder/PIE have all lost business to the upstarts but are now fighting back vigorously.

The best way for a trucker to fight low-cost competition is to offer superior service. Some of the majors are attempting to revive the old intermodal concept that was pioneered by shipping companies. Consolidated Freightways, which has been protecting its flanks by pushing deeper into regional markets, announced in 1983 that it would buy freight forwarder Air Express International. "We want to be able to move a shipper's goods from Yokohama to Indianapolis under one roof by however the customer wants it," says Consolidated spokesman Wilbur Grant. It also made sense since Consolidated already owns a do-

mestic air freight operation. The Air Express deal came unstuck in July of 1983, but Grant says his company is looking for a similar acquisition and is expanding its own freight-forwarding operation.

Yellow Freight, meanwhile, is now reaping the rewards of its hub-and-spoke strategy. Over the last three years it has nearly doubled its freight terminals, over 430 today, at considerable cost to its past profitability. These terminals are tied into a cohesive system of 17 hub depots where Yellow's equipment and drivers are based. As a result, Yellow can both reduce deadheading and increase equipment utilization—and offer shippers more flexible schedules.

Not only is this a formidable defense against startup competition, but when "lane density"—the freight volume moving across a system—picks up modestly on certain routes, profits surge immodestly. Yellow Freight's third-quarter earnings rose 200% on a tonnage increase of just 15%.

This immense operating leverage is also beginning to work wonders for IU's Ryder/PIE. In 1983 it consolidated previously separate Ryder Truck Lines and PIE and thus boosted lane density overnight. Ryder/PIE's operating ratio—a trucker's operating expenses, divided by his operating revenues—dropped from over 100% in 1982 to a highly profitable 93% by September.

To the trucking industry's top brass it is a changed world. "Before deregulation," says Jack Schang, Ryder/PIE's president, "the successful companies were the efficient operators. Today that's not enough. Companies that remain operations-oriented and fail to focus on marketing will be the further casualties."

Schang practices what he preaches. In December he introduced a new shipment-tracing service whereby shippers can dial a toll-free number, punch in a purchase invoice number and immediately learn the whereabouts of their shipments.

In recent years the common carriers have been chasing profitable less-than-truckload (LTL) shipments. Few common carriers, under the ICC's suffocating glove, could offer the reasonably priced, tailor-made services demanded by the nation's largest shippers for their truckload hauls—lumber, say, or chemicals. Result: The full truckload business slipped away to the "private carriage" fleets owned and operated by the shippers themselves. William Legg and Michael Walker, two astute analysts at Baltimore's Alex. Brown & Sons, figure that private carriage now accounts for around two-thirds of all trucked tonnage.

But in time deregulation may reverse that, Legg and Walker argue. With operating authorities easy to obtain, a common carrier can now haul a load of steel one way and back-haul a truckload of lumber much more easily than when ICC permission was required for virtually every commodity. The common carriers will be welcomed by the private shippers. "Shippers don't want to be truckers," says Legg. "They are truckers only because until now they have had no alternative." A truckload specialist that Legg recently helped take public, Arkansas-based, nonunion J.B. Hunt (sales, $62 million), boasts an incredibly low 80% operating ratio.

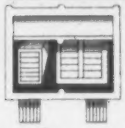
The big truckers are getting the message. In 1983 IU International bought Alabama-based Poole Truck Lines (sales, $55 million), also nonunion and a truckload specialist. RLC's Matlack division has carved out a profitable niche transporting chemicals. This should benefit RLC in 1984 as Matlack's chemical company customers revive. Ryder System and Leaseway Transportation have both been aggressively expanding their automobile carriage operations, a lucrative segment of the truckload market as auto sales recovered in

Truckers and shippers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Truckers												
IU International	1	21.1%	13.1%	0.8	4	9.4%	8.0%	2.2%	7	1.8%	2	13.3%
Roadway Services	2	20.6	20.2	0.0	1	19.6	19.8	7.7	3	10.8	3	11.9
Consol Freightways	3	19.2	12.5	0.2	2	15.3	10.2	4.8	5	8.0	4	10.7
Ryder System	4	18.9	16.6	1.0	5	9.1	8.6	4.2	1	19.0	1	22.8
Leaseway Transportation	5	17.1	12.2	1.1	3	9.6	8.2	2.8	2	10.9	5	6.2
Yellow Freight System	6	10.0	16.8	0.2	6	7.2	11.6	3.6	4	10.6	6	–7.7
RLC		**	6.9	1.6		**	5.5	2.1	6	3.0‡‡	7	–24.3‡‡
Medians		19.1	13.1	0.8		9.5	8.6	3.6		10.6		10.7
Other surface transport												
McLean Industries	1	16.9%	19.0%	1.5	4	8.4%	9.8%	4.9%	1	12.1‡‡	1	386.3‡‡
Alexander & Baldwin	2	14.8	13.5	0.5	1	10.4	9.5	11.6	3	3.8	3	8.5
Greyhound	3	14.0	10.3	0.4	3	10.2	8.5	3.6	5	2.5	2	9.8
Transway Intl	4	11.9	7.2	0.4	2	10.3	6.7	1.8	4	3.5	4	–1.4
American President		**	**	**		**	**	1.7	2	10.0‡‡		**
Medians		14.4	11.9	0.5		10.3	9.0	3.6		3.8		9.2
Industry medians		17.0	13.1	0.5		9.9	8.6	3.6		9.0		9.8
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. **Not available; not ranked.



the past year.

Of course, the big truckers will also face plenty of competition from the revitalized railroad companies, now that the ICC has lifted its proscription against the rails owning truckers. No one should be surprised by some large railroad-trucker mergers this year and in 1985.

The nationwide truckers are also bumping up against a new breed of tough, well-capitalized regional truckers with expansion plans of their own. Example: San Francisco's very profitable Viking Freight (revenues, $80 million) has forged agreements with midwestern and eastern regionals which collect and consolidate shipments and ship them by cost-effective rail piggyback to the West, where Viking delivers. Is Viking a regional or a national trucker?

Moreover, many regionals are nonunion shops. Labor accounts for around 60% of a unionized trucker's total operating costs, and union labor costs as much as 40% more than nonunion help. Thus a nonunion company like Viking enjoys a decisive cost advantage of up to 25% over its unionized competition. To redress such an advantage, unionized Consolidated Freightways in 1983 created two nonunionized divisions serving the West and Midwest.

That sensible move immediately induced a Teamsters' grievance. But this is less of a threat than it used to be. The Teamsters' truck-driver ranks have dwindled from around 300,000 in 1979— or 27% of all intercity drivers—to around 200,000 today, or 12%. Teamster leadership knows there is no alternative to wage givebacks and in 1983 proposed a rider to the National Master Freight Agreement that would have allowed employers to rehire laid-off Teamsters at sharply lower wages than they received before they were laid off. But when the proposal was put to a vote in October 1983, the rank-and-file deep-sixed it by a 7-to-1 margin. With the current Master Freight Agreement set to expire Mar. 31 1985, the giveback issue will soon heat up.

Uncompetitive wage rates explain why Greyhound Corp. earned a paltry 10.6% on equity in the latest 12 months. Its Greyhound Lines bus company has been priced out of many once-profitable routes by new bus companies and regional airlines with labor costs around 30% below Greyhound's. Thus a one-way Greyhound ticket from Newark, N.J. to Norfolk, Va. cost $56 last September, vs. $26 on People Express Airlines.

In November Greyhound management said leave the cost-cutting to us. It demanded that Greyhound's 12,700 unionized employees accept a 15% wage cut—and allow the company to hire new workers at rates comparable to those of Greyhound's competition. The workers refused and struck. Violence flared. But by December the union negotiators were recommending that the strikers accept an offer that gave management most of what it wanted.

A big problem for the trucking business is the Multi-employer Pension Plan Amendments Act of 1980. In practice, the act's provisions mean that a failing trucker's pension liability is often greater than remaining shareholders' equity.

Faced with the choice between shutting down and then receiving a huge pension bill from the government, or hanging on until the last equity dollar has been wrung out, most marginal truckers will opt to hold on—thus helping keep pressure on prices. And since the final extent of the pension liability is unknown, few solvent truckers want to risk acquiring failing lines. "While there is now open entry into trucking," says the ATA's Ron Roth of the paradoxical law, "there is no open exit."

Also hastening the demise of the inefficient truckers is the Surface Transportation Assistance Act of 1982, which became effective in 1983. To help rebuild the country's highways, the act adds a nickel-a-gallon tax on diesel fuel (bringing the tax to nine cents a gallon), and boosts annual user fees from $240 on a typical rig to $1,600 in 1984 and $1,900 by 1988. Because the user fee is payable whether the rig operates or sits in the garage, it will fall hardest on failing truckers with least-used fleets.

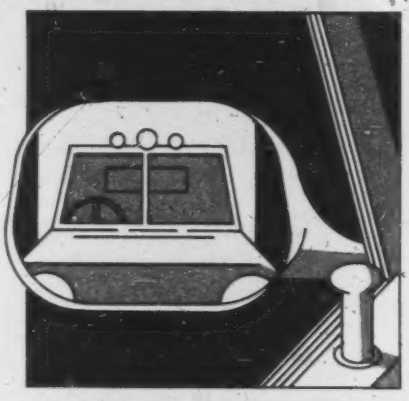
There was good news in the act for profitable truckers. Truckers may now haul, on designated national routes, trailers measuring 102 inches wide, vs. the old 96-inch standard. This is important because freight is loaded on 48-inch pallets, which can now be carried two abreast. Equally important, truckers won significantly more freedom to haul two 28-foot-long trailers—"doubles," as they're called—in place of one 48-footer. Doubles, say the truckers, give them much more flexibility, and orders for new trailers are pouring in.

For example, Ryder/PIE's Jack Schang says his company will spend $60 million in 1984, $28 million of it for 2,300 new doubles trailers. Roadway's secretary Doug Wilson says over 90% of Roadway's $124 million equipment spending budget for 1984 is earmarked for the smaller trailers. This order boom bodes very well for Transway International, whose trailer manufacturing division, Great Dane Trailers, worked virtually flat out during most of 1983.

But again, it is feast for a few, famine for most. Roadway can handle the costs of fleet renovation: It has no debt and $400 million in cash. So can most of the other Yardstick truckers, which either carry little debt or have the access to capital commanded by big companies. The majority of smaller companies, however, have neither the earnings nor the willing bankers to finance *their* new fleets. The result, as the ATA's Roth puts it, is a self-fulfilling prophecy whereby "the profitable companies are taking bigger and bigger market shares from a whole lot of companies that will continue to slowly die off." ■

Idle Greyhounds in Manhattan
After a sometimes violent strike, workers prepared to concede.

If 1983 was the Year of the Car, 1984 will be the Year of the Truck—particularly heavy trucks.



Autos and trucks

By John R. Dorfman

DETROIT IS CONFIDENT that 1983's marvelous recovery will continue this year, despite wobbly sales in the late fall. Donald McPherson, chief of GM's North American car operations, predicts that 10.5 million cars, plus 3.5 million trucks, will be sold in 1984. "A darn good year," says he, adding that "Japan's share has to drop." By government fiat, that is, not because consumers would rather buy Detroit products—witness the premiums many dealers in Japanese cars are packing onto their products while dealers in U.S. cars are offering discounts. But the Japanese have extended their "voluntary" limit on exports to the U.S. through March 1985, which means Detroit will continue to enjoy strong nontariff protection. (The new passenger-car limit, starting Apr. 1, is 1.85 million vehicles, vs. 1.68 million the prior three years.) Detroit's sharply improved profits in 1983 should be judged in the light of that not inconsiderable protection.

How long can the industry hope to remain protected from overseas competition? "Reagan," argues Art Davis of Prescott, Ball & Turben, "is a free trader at heart. After the 1984 election, assuming he wins, he's not likely to fight for continued import quotas. Lee Iacocca would have you believe that, without quotas, imports would immediately take 35% of the market, and eventually maybe 50%. I'm more conservative. I figure 28% in 1985 and more than 30% in 1986." That's compared with the 25% or so share imports already hold.

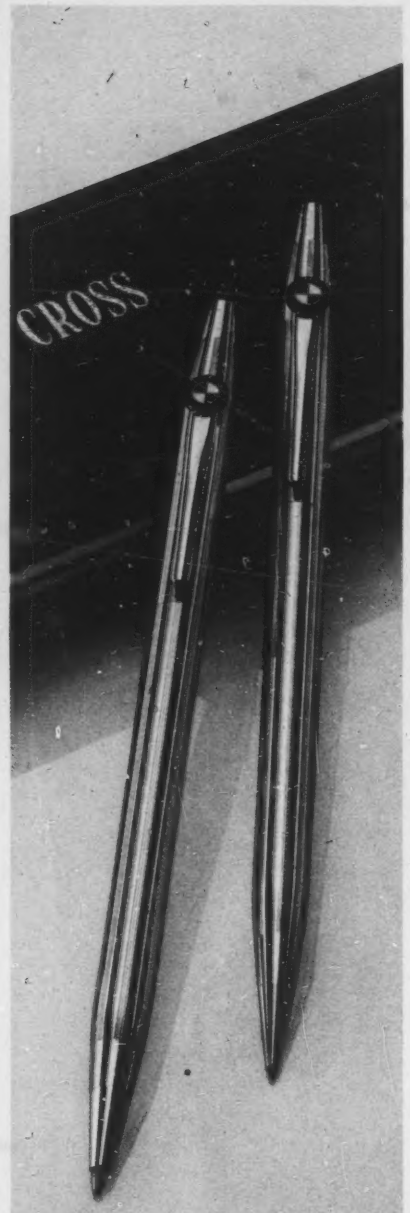
Detroit likes to talk about the ad-

Autos and trucks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Subaru of America	1	59.2%	45.8%	0.2	1	54.1%	39.1%	4.5%	1	33.0%	1	65.3%
PACCAR	2	14.9	5.3	0.0	2	14.0	5.1	2.5	5	6.9	2	6.7
Signal Cos	3	11.5	3.4	0.3	4	9.4	4.0	1.3	2	14.1	3	6.2
Hyster	4	11.1	0.1	0.2	3	9.6	0.5	0.0	9	5.0	4	2.2
Sperry	5	10.3	6.1	0.3	5	8.4	5.4	2.9	3	8.4	5	2.0
Deere	6	8.3	def	0.4	6	7.0	0.2	def	4	8.4	6	–6.7
General Motors	7	6.7	14.2	0.3	8	6.3	11.8	3.8	6	6.2	7	–13.8
Caterpillar Tractor	8	6.5	def	0.7	7	6.6	def	def	7	6.1	8	–14.3
Fruehauf	9	3.8	def	0.8	9	4.5	1.2	def	8	5.8	9	–17.3
Clark Equipment	10	2.4	3.1	0.3	11	2.6	3.8	1.6	15	–1.2	10	–31.1
Mack Trucks	11	0.1	def	0.6	10	2.8	def	def	17	–7.4‡‡	11	P–D‡‡
Ford Motor	12	def	14.0	0.4	12	def	10.4	2.1	10	4.7	11	P–D
Allis-Chalmers	13	def	def	0.5	13	def	def	def	12	3.7	11	P–D
Intl Harvester	14	def	def	63.2	15	def	def	def	13	0.9	11	P–D
American Motors	15	def	def	2.9	16	def	def	def	11	4.4	16	D–D
Chrysler	16	def	NE	2.2	14	def	11.8	2.0	16	–4.7	16	D–D
Massey-Ferguson	17	def	NE	8.3	17	def	def	def	14	–0.6	11	P–D
Industry medians	16	3.8	def	0.4		4.5	1.2	1.3		5.0		–17.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. P–D: profit to deficit. D–D: deficit to deficit. def: deficit. NE: negative equity.



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Suddenly, truckmakers have more orders than they can fill.

vantages the Japanese enjoy through a favorable exchange rate and tax structure. All true, but the Japanese are not to blame for Detroit's $25-an-hour wage-and-fringe bill, its shaky quality standards and its relatively inefficient plant. "It's true that in productivity, efficiency and cost of production, we are not yet fully competitive with Japan," says Allan Gilmour, Ford's Controller, adding, "but we have made progress."

If the recovery in cars rests on somewhat shaky underpinnings, the recovery in trucks does not. It is going to be a whopper. Ford's and GM's light trucks have been selling well for a year and are gaining share back from the Japanese. In fact, says Maynard Gordon, editor of *Motor News Analysis*, the traditional arrangement is now reversed. These days dealers can coax a few extra trucks out of manufacturers by agreeing to take extra cars. Heavy trucks only started to move in September, but demand is now flaring up fast. U.S. heavy-truck makers, such as Paccar, Mack and International Harvester, face little serious foreign competition.

On the Forbes Yardsticks, Paccar leads the truckmakers, with a 14.9% return on equity over the last five years. None of that comes from leverage, as the company is virtually debt free. The pricey, customized Kenworth and Peterbilt class 8 models Paccar puts out are every independent trucker's dream, so trucking deregulation could work to its advantage.

Mack, until 1983 part of Signal Cos. and now 45% owned by France's Renault, still holds about 18% of the class 8 (the transcontinental, 33,000-pounds-and-up variety) truck market (compared with 18% for Paccar and 23% for International Harvester). So Mack's numbers are bound to look better if heavy-truck sales follow anything like the track they typically do in a strong recovery. The 78,000 or so heavy trucks shipped in 1982 could nearly double by 1986. The route flexibility and pricing latitude triggered by deregulation have made the trucking industry more competitive with the railroads, a good omen for the heavy-truck makers. The truckmakers are also making today's big rigs 20% to 25% more fuel-efficient than those of a few years ago, another factor that could spur sales.

All this bodes well not only for Paccar and Mack but also for International Harvester, which is now roughly 60% trucks and 40% farm equipment.

This virtually guarantees hard-pressed Harvester's survival, but not without further capital restructuring. Glance at the debt-to-equity column in the table on page 109. No, that's not a misprint: Harvester really does have $63.20 in debt for each $1 of equity.

The average truck fleet has 2½ trailers for each tractor, which is why the new-born recovery in trucks is bringing a smile to the lips of Tom Reghanti, president of Fruehauf Corp. "We have had a tremendous upsurge," he says, pointing to a near-record five-month backlog. Fruehauf is gaining market share: It sells 25% to 30% of U.S. trailers, close to triple that of its nearest competitor, Great Dane Trailers (a subsidiary of Transway International). Fruehauf also has a boost from recent legislation allowing 48-foot-long, 102-inch-wide trailers on interstate highways. The new behemoth trailers mean that standard pallets can be carried side by side *(see p. 104)* instead of end to end and offer about 648 more cubic feet than the old ones.

Summer in autos, springtime for trucks. What about farm equipment? Still winter there. Even well-managed Deere is losing money, but with its huge new Iowa factories (FORBES, *Mar. 14, 1983*) it is prepared to gobble market share furiously once it can more fully use those new plants. Don't be fooled by the relatively good showing of Sperry in the Yardsticks. Its profits are coming from computer systems and guidance and control systems, not from the New Holland farm equipment division. As for Massey-Ferguson, the only good thing one can say is that it is less precariously leveraged than Harvester.

A few companies in our table fall into special categories. At the top of the list, as it has been since 1980, is Subaru of America. Approximately 49% owned by Fuji Heavy Industries, it does no manufacturing, only importing and distribution. Needing only thimblefuls of capital and enjoying demand for its product that exceeds the artificially limited supply, the company has racked up astonishing returns on equity. Some might say it deserves them. Subaru has built a loyal customer base, especially in snowbelt areas like New England and Alaska, where it was one of the first companies to offer an attractive small car with four-wheel drive to get through the ice and slush.

Caterpillar Tractor is, of course, best known as the world's largest maker of construction equipment. But it has a sideline in engines, where it has lately been giving Cummins Engine and GM a run for their money in the heavy-truck-engine market. A seven-month strike that ended in April helped neither operating results nor the balance sheet but did bring wage costs under some control. Despite pressing competition from the likes of Japan's Komatsu, Caterpillar remains one of the great American manufacturing companies.

In this industry, as elsewhere in the U.S. economy in 1983, much of the emphasis was on cost-cutting, on reducing break-even points. As far as this involves skimping on research and development and on equipment, the trend has its dark side. But to the extent it cuts fat and not muscle, the trend can only be beneficial. ■

Kan ban? Can do!

One of the key cost advantages of the vaunted Japanese manufacturing system is *kan ban*, the "just-in-time" parts delivery system used by Japanese carmakers. *Kan ban* allows them to keep inventories—and hence interest costs—low.

The concept of just-in-time delivery is certainly not exclusively Japanese. Back in the 1920s workers at Henry Ford's integrated River Rouge assembly plant in Dearborn, Mich. unloaded ore boats on Monday and converted the ore to steel and then to engine blocks by Tuesday afternoon.

But the Japanese have developed *kan ban* in its modern form. Can just-in-time parts delivery be implemented in the U.S.? Yes it can.

Dana Corp. Chairman Gerry Mitchell
Going the Japanese one better?

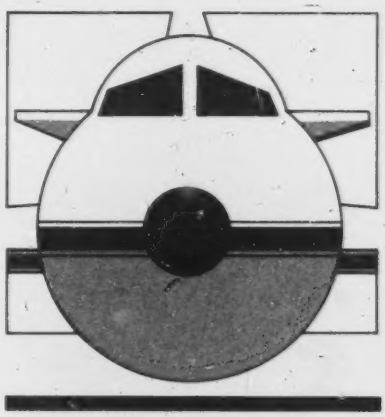
Dana Corp. Chairman Gerry Mitchell says that American suppliers like Dana are even going the Japanese one better by allowing more flexible delivery. "With *kan ban* you don't change your assembly schedule," he says. U.S. manufacturers, he goes on, want more flexibility than that.

But it's interesting to ask why American carmakers need all this flexibility. Think, once again, of Henry Ford. His cheap, reliable vehicles were in such demand that he could afford to let buyers pick any color they wanted, so long as it was black. Perhaps Detroit now runs after the 10-day trends too much, offers too many choices, at a loss of efficiency. It's almost as if American manufacturers have become the swing producers of vehicles in the U.S. market.

Whatever direction U.S. carmakers go, it seems clear that they will be giving increased responsibility to key partsmakers. "Bit by bit," says Mitchell, "we are moving our assembly operations adjacent to car assembly plants. We are taking more responsibility for inventory control. We assemble axles at night that are used the next day. We have 19 regional centers offering overnight delivery on truck parts to truck assembly plants. Often a guy has shipped out a truck and he hasn't even paid us for the parts yet." This kind of speed and service, belated as it is, is one reason Mitchell thinks U.S. partsmakers can compete with low-priced imports *(see p. 99)*. "I don't think," he says, "that you can export from Brazil to the U.S. and have a just-in-time delivery system."—J.R.D.

The shakeout resulting from airline deregulation has only just begun. Let battle commence.

Airlines



By Howard Banks

ALL OF US are going to be subject to a rapidly changing competitive environment from here on in," says Robert Crandall, president of American Airlines. Although the industry outlook might appear to be improving along with the economy, the fact is that, until now, much of the true effect of the 1978 airline deregulation has been buffered and masked by outside events. The harsher they were, the more they served to dampen competition.

First the airlines had to deal with the doubling of fuel prices in 1979-80. That meant the majors had to phase out older gas-guzzling jets sooner than they had anticipated.

Then came the air traffic controllers' strike, which led to government-imposed control of takeoff and landing times—"slots" in airline parlance. This severely limited one of the hoped-for results of deregulation: the right to enter or leave any route, provided at least one carrier remained. In other words, it inhibited competition.

Then came recession and huge losses even for the largest and strongest carriers. Delta, for years the carrier with the best results, lost money for five straight quarters. The industry lost a collective $1 billion in the 12 months to the middle of 1983 before things turned around. Miraculously, the effect of this hemorrhage was mitigated by the financial markets. Convinced that the airlines would be among the first industries to feel the positive effects of economic recovery, and entranced with new issues, Wall Street underwrote over $2.5 billion in airline equity and bonds in the past two years or so.

This year all that will change. On the surface things look as if they are improving: By the end of the third quarter of 1983 the average airline fare in cents per mile was up 10% and traffic was up by 7% to 8%. There was no industrywide fare-cutting by carriers desperate for cash.

But now the full effect of deregulation will be felt for the first time. The last limits on airport slots are due to be lifted at midyear. Other factors favor increased competition: Fuel prices are stable or falling slightly, and economic recovery is gathering momentum. Who will flourish in this environment and who will perish is a function of relative strength of balance sheet and quality of management. But it won't be easy for anyone.

An America West Boeing 737
"Offer something different."

Picking the obvious winners and those most at risk is relatively easy, despite the uncertainties. But for those airlines that fall in between, almost anything might happen.

Eastern Air Lines is still at great risk. Wage costs are not its problem; Eastern employees were the first to give back part of their regulated fat. The problem is that Eastern tried to spend its way out of the hole by buying new, more efficient equipment. This worked in regulated times if average operating costs could be reduced below the level allowed when fares were set. Trouble is, now the market sets fares. So Eastern merely weakened its already shaky balance sheet. With $2 billion in long-term debt, its debt-to-equity ratio is the third worst in the list. One bright spot: its profitable shuttle.

Republic Airlines, at the bottom of the Forbes Profitability Yardsticks and staggering under a plainly untenable 14.9-to-1 debt-to-equity ratio, is in even graver danger. Republic was created by a merger allowed because the two route systems connected end to end and therefore raised no anticompetitive questions. That is Republic's problem: Its management is stretched as tight as its route pattern and its equity.

In only marginally better shape are airlines like Western (with bad labor relations, a weak balance sheet and a highly competitive market) and Continental, which is otherwise known as Texas Air Corp. Industry leaders are waiting to see if Continental's chairman and president, Frank Lorenzo, succeeds with his bold strategy of using the bankruptcy laws to wrestle down his labor costs.

The jury is also out on another imaginative ploy: Frontier Airlines created a second, nonunion and therefore lower-cost parallel airline called Frontier Horizons, which will operate in the same market as its parent. If this move succeeds, it will likely be imitated.

Economic recovery came just in the nick of time for other airlines: Pan American, for example, is for now at least off the critical list, as the strong dollar triggered a big jump in overseas vacation travel. But there are plenty of questions about its international competitor, Trans World Airlines, which is being spun off from its holding corporation to go on its own. The outcome is likely to be that its sizable, loss-making domestic routes

could shrink by perhaps as much as half. If TWA does contract that much in the home market, it could really be a blessing for the most obvious gainers this coming year: American, Delta, Northwest and United Air Lines. Despite ups and downs, these four have the strength, financial stability, markets and managements to adapt to competition.

Delta is the most conservative of the bunch. Yet listen to Chairman David Garrett: "You have to have a continuous program, almost, to relook at where you are flying, what cities you go into as new markets, to tie into the schedule." United has been the most aggressive in mass marketing. The tip-off to United's change in strategy is the fact that it has reentered many small markets in the West that it dropped early in deregulation. In 1984 it will operate in 43 of the lower 48 states.

Now that American has cost-cutting deals similar to United's, the fight will be on *(see box, opposite)*. Meanwhile, Northwest, with the airline industry's soundest balance sheet, is trying to shuck the image of being a fuddy-duddy, low-cost (poor service) airline. It is going after increased traffic, as well, and has ordered 20 Boeing 757s.

Backed by such things as United's and American's computer reservation systems (being imitated by Delta and others on a smaller scale) and the success of "frequent flyer" loyalty schemes, the market share held by these four has been increasing, to over 56% of all scheduled domestic traffic in 1983. This has raised fears among competitors that the collective market share of the four might reach 65% before the next recession.

This is unlikely. Certainly the Big Four will grow stronger. But the chances are they will channel future profits into strengthening their balance sheets rather than going for increased market share. A straw in the wind: American ended the year with almost $1 billion in cash but will add only a few new aircraft in 1984 (probably DC-9-80s, according to Crandall). Even Delta, which has been on an aircraft shopping spree, is cutting back now and has pushed back deliveries of some of the Boeing 767 and 757 aircraft it has on order, reducing its capital spending program over the coming three years to around $500 million a year. While Delta's Garrett denies that this was prompted by balance sheet considerations, it is a fact that in 1983 Delta's long-term debt had tripled, to around $1 billion. By year-end over $150 million had been trimmed from that so that future spending can now be handled by internal cash flow and the sale of second-hand aircraft.

Two other factors argue against such a market share push by the Big Four: First, Washington might be tempted to reregulate if that happened. Second, competition. The airlines once called regionals, like US Air and Piedmont, are also out there growing and making good returns—more than any of the big trunk lines, as one glance down the latest 12 months column in the Forbes return on equity rankings will attest. And then there is the group of new jet carriers (including a newborn son of Braniff), that has emerged since deregulation, on the wings of Wall Street's new issue boom. There are now 21 of them in service, and, while they controlled only 2.5% of traffic in 1983, they have had a sizable effect on the market power of the majors.

This has been no easy matter, of course, since even the majors are aggressively cutting costs these days. For the startups, the secret has been to find a marketing niche.

New York Air, owned 75% by Texas Air Corp., had three different approaches before it decided to go for the business traveler as well, and not only those interested in the lowest possi-

Airlines

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Federal Express	1	33.7%	22.0%	0.5	2	22.0%	14.7%	8.9%	1	50.8%	1	51.4‡
Emery Air Freight	2	26.5	24.1	1.4	1	22.3	13.5	3.2	13	13.8	5	2.4
USAir Group	3	20.9	12.7	0.7	3	12.1	8.9	4.5	6	19.5	2	26.9
Piedmont Aviation	4	20.9	6.8	1.5	4	10.2	4.5	2.1	4	25.1	3	13.8
Frontier Holdings	5	14.1	def	1.0	5	9.6	def	def	7	19.2	4	4.2
PSA	6	13.1	def	1.7	6	8.4	0.7	def	8	19.0		D–P
Delta Air Lines	7	8.2	def	0.9	7	5.5	def	def	9	15.5	6	–4.9
Northwest Airlines	8	3.2	4.2	0.0	11	2.4	3.4	1.7	10	15.1	7	–16.3
AMR	9	def	9.9	1.6	9	3.0	6.8	2.4	12	13.9	8	P–D
Trans World	10	def	def	1.5	8	3.9	3.6	def	17	10.4	8	P–D
UAL	11	def	2.0	1.5	12	1.6	3.8	0.7	15	11.0	8	P–D
Tiger International	12	def	def	4.8	13	1.5	def	def	5	23.8	8	P–D
Pan Am World Airways	13	def	def	3.7	17	def	def	def	11	14.7	8	P–D
Eastern Air Lines	14	def	def	5.4	14	1.3	def	def	14	13.5	8	P–D
Western Air Lines	15	def	def	5.2	16	def	def	def	16	10.5	8	P–D
Texas Air	16	def	def	8.5	10	2.9	def	def	2	46.6	16	D–D
Republic Airlines	17	def	def	14.9	15	def	def	def	3	42.1	8	P–D
Industry medians		def	def	1.5		3.0	0.7	def		15.5		P–D
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. D–P: deficit to profit; not ranked. D–D: deficit to deficit. def: deficit.

ble fare. It turned a profit for the first time last summer. Others, such as Midway and America West, have also gone for the business market in similar ways: low but not rock-bottom fares; fewer, bigger seats; decent snacks; free drinks; and carry-on baggage space. Most important, from the airlines' view, they have centered their operations at hubs not dominated by even a big regional like Frontier. "You have to offer something different to persuade passengers to choose you over other carriers," says Mark Coleman, marketing vice president for America West, which plans to add two to three new aircraft every 90 days until it has over 40 in all.

One saving grace is the so-called halo effect: Low fares and new service attract people who would not otherwise have flown at all. For example, a new carrier, Jet America, began operating from a base at Long Beach, Calif., an airport ignored by the majors. American and United both moved in promptly. But instead of squashing Jet America, the addition of the two majors in this case made Long Beach a more attractive airport, and people began driving there instead of fighting the freeways to Los Angeles airport.

The classic example of the halo is the small-package overnight delivery business. Invented by Federal Express' chairman and president, Fred Smith, it has been widely copied. Now everybody is inured to the outrageous notion of spending at least $10 to do what the Postal Service should do for pennies. But look at the table. Emery Air Freight is right up there on the industry Profitability Yardsticks with Federal, outperforming all others.

Deregulation is also having a major effect on the aircraft that the airlines now want to operate. Summing it up neatly, US Air's chairman and president, Edwin Colodny, says: "Under deregulation, smaller is better." Why? Because—apart from their lower operating costs—three smaller planes replacing one big one can tackle three market segments instead of one.

Out in California, where United is back in all sorts of markets, the local carrier, Pacific Southwest Airlines (PSA), has simply switched to the peripheral airports around those big cities. The problem is that many of these airports, like Orange County and Burbank, are in very noise-conscious communities and some are in very small markets. So PSA ordered 20 of British Aerospace's BAe 146 "feederliners," which have 100 seats and the virtue of being quiet.

But as airline deregulation moves toward its final official act—the sunset of the Civil Aeronautics Board on Dec. 31, 1984—there is an ominous ring to one change under way.

Part of the fallout of the Continental "bankruptcy" was that other carriers refused to carry passengers holding Continental tickets. Until then tickets from a carrier in trouble had been accepted as an offshoot of the airlines' industrywide interline agreements under what was called the default protection plan. Now, United, American and Delta have led a move to end this industrywide deal and to switch instead to a system of bilateral agreements, so that they only make swap agreements with carriers not in any trouble.

Taken to an extreme not yet even hinted at, this kind of picking at the edges of the interline agreement (a cornerstone of the industry's development over the years) could end up so that passengers could not check their bags through on airlines with no agreement, instead being forced to buy separate tickets and all sorts of other horrors. Now, that really would give deregulation a bad name. ■

The (new) American way

American Airlines is now two airlines in one, says President Bob Crandall. There's the old, high-cost airline and the new, low-cost one—that is, new employees hired at substantially lower pay.

"Our new labor contracts make it possible for us to grow at costs that are very competitive with new carriers," says Crandall. "The larger we make the company, the greater average effect we have on overall costs and the more we get from the low-cost growth."

It means a couple of other major things, too. Instead of grounding older Boeing 727-100s as uneconomic, they can be profitably kept in service. That will give American 22 or 23 aircraft already paid for and ready to go that it would otherwise have had to replace. "When you sell old airplanes, they don't get ground up and made into tuna cans; they go to a competitor. Instead, now that we can afford it, why not fly them ourselves?" asks Crandall.

Lower break-even points will also allow American to compete in smaller market segments it could not profitably enter before. Crandall also expects the company to have more confidence in planning new equipment orders.

But that's for the future, he says. American has $1 billion in cash reserves, but unless interest rates fall sharply, Crandall doesn't plan to retire much of the company's $1.5 billion long-term debt, diversify out of the industry or go on an aircraft buying spree. Better to stay liquid.

What does he want to do? Crandall, known for being earthily outspoken, is the guy who was taped in February 1982 seemingly talking about fares with Howard Putnam, then boss of old, broke Braniff. He got into hot water with the Justice Department over that, and again over bias in the computer reservation systems that American and United dominate.

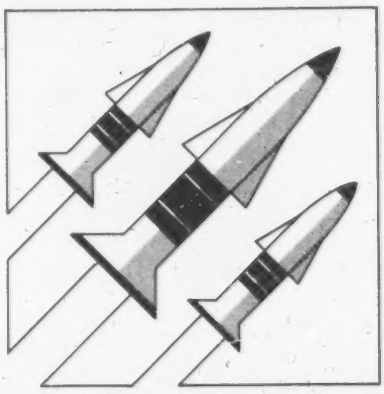
He concedes that the major carriers may have to give ground on the computer reservation matter. But all that does not inhibit him from coming up with ideas that will raise yet more flags at the Justice Department—which of course is certain to gain increased influence through its antitrust powers over the airline industry once the Civil Aeronautics Board dies.

For example, Crandall is no big fan of the CAB's old policy of opposing airline mergers unless one party was at death's door, and then to insist that the acquiror take on all the employees of the acquired. "That policy encouraged people to leave a company alone until it failed and then to acquire only its assets. Maybe that's not the smartest social policy," says Crandall.

He also favors greater standardization of aircraft, which today are often extensively modified to suit individual carriers' whims. Standardized aircraft, says Crandall, could be priced and depreciated according to their actual useful life, say 20 years, instead of the much shorter period often used, especially by normally profitable carriers like Delta and Northwest. And why not finance such deals off the airlines' books, through some kind of "Hertz-rent-a-plane," the way railroad tank cars are financed?

Nothing like a little adversity to stir the mental juices.—**H.B.**

For 1984 and 1985, order books are fat, and all's right with the world for most companies. How many other industries can say the same?



Aerospace and defense

By Subrata N. Chakravarty

IN THE THIRD YEAR of the Reagan defense buildup, 14 of the 30 aerospace and defense industry leaders ranked below were already showing improved profitability on the latest 12-month Yardsticks.

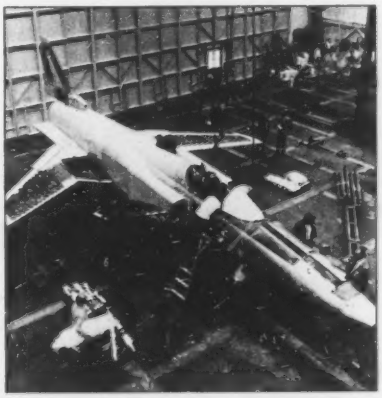
More than doubling its return in the past 12 months was General Dynamics, the nation's largest defense contractor, which kept rolling along with three major programs—the Trident submarine, the F-16 fighter and the M1 tank—and a host of smaller ones. The third $1.3 billion Trident was delivered to the Navy, one began sea trials and seven more are on order. With the Navy planning to build at least 15 of the gigantic submarines, the program should continue well into the next decade. The company also won a major victory in 1983 when Turkey picked GD's F-16 fighter for its air force. The contract, worth some $5 billion over the next five years, is the first time the cheaper F-16 has beaten out McDonnell Douglas' F/A-18 in head-to-head competition for foreign orders. GD believes it won't be the last. "We believe we have an edge in small countries, where cost is a more important factor," says GD Chairman David Lewis.

With the old Chrysler tank division a part of GD for a full year, Lewis says the company has solved some technical problems on the troubled M1 tank, and the tanks are now being turned out at the rate of 60 per month.

General Dynamics also makes sea- and land-launched cruise missiles, of the type some Europeans have been demonstrating against, and a variety of tactical missiles. In the wings, Lewis hopes, is a small, mobile companion to the MX ballistic missile, dubbed the Midget Man, on which GD has done much of the initial research for the Air Force.

GD did have a few setbacks in 1983. It lost $1 billion in potential business when the Army canceled the Viper antitank missile program because it proved unable to penetrate the latest Soviet armor. The fact that the price of the missile had also increased from $78 to $1,000 each probably didn't help. So the Army is now testing a Swedish antitank missile, the AT-4.

It was an important year for a couple of other contractors as well. Large orders for FMC Corp.'s M2 Infantry Fighting Vehicle (FORBES, *Nov. 7, 1983*) added that company to the aerospace and defense industry listing. Tenneco did not get added to the list, but the future of its Newport News division is assured for years to come, not only because it is the designer and one of the builders of the Los Angeles class attack submarines but also because it is the only builder of aircraft carriers. Under construction is the nuclear supercarrier *Theodore Roosevelt*. In 1983 Congress funded two more: the *George Washington* and the *Abraham Lincoln*. That will keep the yard busy well into the next decade.



Grumman's X-29
The technology of the future?

It was also a big year for Rockwell, which now gets over 60% of its revenues from government business. As the company began building the first B-1B bombers in the 100-aircraft, $20 billion program, revenues on the contract jumped from $650 million in 1982 to $1.7 billion in 1983 and should hit $2.2 billion in 1984. Also important for Rockwell is the fact that Congress finally, if reluctantly, funded the MX missile. Martin Marietta may be the prime contractor, but at this stage Rockwell has the largest share of the revenues. Work on the fourth-stage engine and the guidance and control system has so far brought in $1.5 billion.

Meanwhile, its defense electronics grew spectacularly, to $1.2 billion, in 1983. "We expect it to continue to grow sharply," says Rockwell President Donald Beall, with good reason. Rockwell also won a $1.2 billion multiyear contract for construction of the Navstar satellite navigation system for the Air Force. That helped ease the pain of the stunning loss to Lockheed of a 15-year, $6 billion operations contract for the space shuttle program, blamed by some on Rockwell's management control problems. Says Beall: "It hurts more from the standpoint of pride than it does financially."

McDonnell Douglas Corp. executives must have heaved a sigh of relief in 1983. MDC's major hope for defense revenues ($40 billion worth) is the F/A-18 strike fighter for the Navy. That program won approval and funding last year despite strong congressional criticism, (FORBES, *Apr. 11, 1983*), increasing the likelihood that most of the intended 1,400 aircraft will eventually be built. "The plane is really proving itself with the people that use it," says McDonnell Douglas CEO Sanford McDonnell.

For New York's Grumman it was the year of the lobbyist. The Navy had proposed halting production of the F-14 fighter and the A-6 bomber until the aircraft could be upgraded in 1989. Frantic lobbying and the support of the House Defense Appropriations subcommittee chairman, Queens, N.Y. Representative Joseph Addabbo, helped to persuade the Navy to reconsider its plans. For the moment, Grumman retains its stable of five aging Navy planes, plus the reconfiguration of an Air Force bomber for electronic warfare and several subcontracts. The company's performance was also sharply improved—return on equity almost doubled last year—by the disposal of its disastrous Flxible bus division. A major hope is the X-29 forward swept wing aircraft, whose technology might be important to future generations of aircraft.

But there were setbacks in the defense business, too. Todd Shipyards, 1983's industry leader, clung to its top ranking, but its 12-month return on equity dropped sharply because of the increase in equity, the recession in commercial shipbuilding and heavy capital expenditures to expand facilities. Also, a nine-week strike in two West Coast shipyards wiped out the company's second quarter. But all that, says Chairman J.T. Gilbride, is in the past. With $759 million in backlogged contracts for frigates, and the hope of additional contracts as well, "Nineteen-eighty-four will be a very satisfactory year," Gilbride predicts happily.

Not every defense contractor can say that. Take Northrop. On the Yardsticks, the company looks perfectly respectable, having improved its financial position enormously in 1983, turning a loss into a substantial profit in the first nine months of the year. In part that was the result of its 40% share of the F-18 program, its research contract on the "Stealth" bomber and navigation and guidance subcontracts for several missiles. The largest part of the swing, however, came from reduced expenditures on the F-20 fighter, which was to have been Northrop's shining light until the huge, hoped-for orders for the Stealth bomber materialized at the end of the decade. Alas, would 'twere so.

The F-20 is a follow-on to Northrop's earlier F-5, which was the workhorse of 30 air forces. But the F-20 is relatively cheap, versatile and independently developed, and paid for—and these seeming virtues, ironically, constitute a problem. The U.S. Air Force didn't find the F-20 technologically flashy enough to buy. Meanwhile, many of the nations that fly the F-5 and are the most likely customers for the F-20 have been offered

Aerospace and defense

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Todd Shipyards	1	29.2%	17.1%	0.2	5	16.9%	10.4%	3.1%	3	20.2%		D–P
Lockheed	2	27.0	50.6	2.0	20	10.9	23.2	3.9	20	9.7	25	–16.1%
Computer Sciences	3	23.4	11.0	0.4	10	14.7	9.1	2.2	4	19.9	10	14.8
Raytheon	4	23.0	17.4	0.0	1	22.0	17.0	5.2	12	15.1	5	17.8
Fairchild Industries	5	22.1	6.1	0.4	7	16.5	6.5	2.7	1	24.3	1	28.4
Boeing	6	22.1	12.4	0.1	2	18.3	8.9	3.2	6	17.8	4	23.8
Lear Siegler	7	22.1	15.2	0.3	9	14.8	12.1	4.5	16	12.3	7	16.0
Morton Thiokol	8	20.6	16.3	0.2	8	15.6	15.7	5.2	14	12.4	2	26.9
Pneumo	9	20.4	27.2	0.7	17	12.2	14.1	2.7	11	15.3	6	16.9
Wyman-Gordon	10	20.0	14.4	0.1	6	16.6	12.2	10.5	15	12.4	9	15.2
Sundstrand	11	19.4	9.3	0.2	13	13.6	7.7	5.0	19	9.7	11	13.5
General Dynamics	12	19.3	23.0	0.0	12	14.5	17.4	3.8	9	16.3	3	25.5
Sanders Associates	13	18.7	16.4	0.0	4	17.3	14.4	6.6	8	17.4		D–P
E-Systems	14	18.7	25.6	0.1	3	17.6	24.7	6.4	10	15.4	14	12.6
Rockwell Intl	15	18.5	18.8	0.1	11	14.6	15.9	4.8	25	6.4	8	15.6
Martin Marietta	16	17.9	22.3	1.4	19	11.4	6.4	2.8	5	17.8	13	12.7
Rohr Industries	17	16.5	21.7	0.4	21	10.8	15.0	4.2	24	6.6		D–P
United Technologies	18	16.3	14.7	0.3	18	12.1	11.0	3.4	2	21.1	16	8.9
Gates Learjet	19	15.0	0.2	0.2	14	12.9	1.1	0.0	7	17.4	18	6.5
Northrop	20	14.3	14.8	0.0	15	12.9	13.4	2.4	18	10.5	19	3.4
FMC	21	12.8	12.1	0.3	22	9.3	8.6	4.6	23	7.9	17	7.1
McDonnell Douglas	22	12.6	13.5	0.1	16	12.5	13.3	3.2	13	14.2	15	10.4
Sperry	23	10.3	6.1	0.3	25	8.4	5.4	2.9	22	8.4	20	2.0
Textron	24	10.2	6.7	0.2	23	8.9	6.4	2.9	27	3.8	21	–1.7
Cessna Aircraft	25	10.0	def	0.1	24	8.8	def	def	21	9.4	22	–2.4
Grumman	26	9.6	18.2	0.4	26	8.3	11.9	3.4	26	5.9	23	–5.7
Bangor Punta	27	6.8	def	0.6	28	5.1	def	def	17	11.7	12	13.5
Genl Tire & Rubber	28	6.4	6.0	0.2	27	5.5	5.5	2.8	29	2.0	24	–7.8
Singer	29	def	0.1	0.7	29	1.7	3.0	0.2	28	2.7	26	D–D
Gulfstream Aerospace		**	67.5	0.6		**	30.8	8.3		**		**
Industry medians		18.5	14.8	0.2		12.9	11.5	3.3		12.4		12.7
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
D–D: deficit to deficit. D–P: deficit to profit; not ranked. def: deficit. **Not available; not ranked.

the flashier F-16 by the U.S. government. After all, every F-16 it helps sell recovers for the government part of the money it paid General Dynamics to develop the plane. But every F-20 it helps to sell only adds to Northrop's bottom line and Chairman Thomas V. Jones' bonus. The result is that, after years of sales efforts and more than a year of flight demonstrations, Northrop has yet to garner an order for the F-20. Despite strenuous denials by the company, Northrop may have to abandon its $600 million investment in the F-20. The investment has been charged off as incurred, so ending the program won't mean massive write-offs. It will, however, somewhat blight the next few years.

The commercial aerospace picture still looks gloomy domestically. It takes healthy airlines to support a commercial aircraft business, and most airlines are anything but healthy at the moment *(see p. 139)*. Still, with traffic building up a little, so is the order rate. In the highly competitive medium-range market, McDonnell Douglas got orders for 34 150-seat MD-80 jets in the first three quarters of 1983, vs. 7 in 1982. Whether it can match the 77 planes ordered in 1982's fourth quarter won't be known for a while.

McDonnell Douglas has yet to make a cumulative profit in commercial aircraft after more than 17 years in the business, but that doesn't keep Sandy McDonnell from hoping. "Sooner or later, airline financial performance will emerge from the effects of deregulation and the recession," he says optimistically. He obviously doesn't think that's going to be any time soon, however. MDC just canceled development on two new planes: the MD-90 and MD-100. So for the foreseeable future, they have only the MD-80 in the commercial aircraft market. In the meantime, MDC has apparently decided to concentrate on building its promising computer business via the proposed $400 million acquisition of Tymshare, an information and telecommunications company.

Boeing, with orders for 117 planes in the first three quarters, topped its total for all of 1982. But it remains very cautious about the significance of the pickup in orders. One reason is that almost 70% of those orders came from foreign airlines, which shows that domestic airlines have yet to turn the corner. Boeing's drawing boards are not crowded, either. Only stretched variants of the 737 and the 767 are under development.

If 1983 was a boom year for the defense business and only modestly encouraging for commercial aircraft, it was an unmitigated disaster for business and civil aircraft. Cessna has been in a two-year tailspin, tumbling to a $19 million loss, the first in its history, versus a profit of over $60 million as recently as 1981. The rest of the companies in civil aviation are doing no better, although Piper and Beech, as divisions of larger companies, are somewhat sheltered and Gates Learjet was bailed out by a large Air Force lease order in 1983.

For most defense contractors the question of the hour is whether further increases in defense spending are likely. It was a struggle to get an inflation-adjusted 3% real increase in funding for fiscal year 1984, despite President Reagan's demands for a 10% hike. And fiscal 1985 could be even more of a struggle. Congress, eyeing the 1984 election, is increasingly restive about raising the defense budget at the expense of social programs. According to Wolfgang Demisch, First Boston's respected aerospace analyst, Defense Secretary Caspar Weinberger reportedly plans to ask for a phenomenal increase of $53 billion, or 21%, in the fiscal year 1985 defense budget, to $310 billion. His chances of getting it, however, are virtually nil. "A real growth of 5% will be hard to accomplish," says General Dynamics' David Lewis.

In 1984 the fight to limit the growth in the defense budget is likely to center on the Navy. But defense contractors aren't really too worried about it. "The Navy program is so far advanced, there is no way you can possibly turn it off," says Todd Shipyard's Gilbride. "The debate will go on, but the Navy will get its 600-ship fleet." For 1984 and 1985, anyway, order books are fat and all's right with the world for most companies.

How many other industries can say as much? ■

More bang for the buck

If the Pentagon were a corporation, Deputy Secretary of Defense Paul Thayer would be its chief operating officer. He comes well equipped for the job. A one-time Navy fighter ace and test pilot for Vought Corp., Thayer became chief executive of its corporate parent, LTV, in 1970 and pulled it back from the brink of bankruptcy. He joined the Department of Defense last January and has been vociferous about the need for better management of the defense budget. Here, notes from a recent conversation with Thayer on some important concerns.

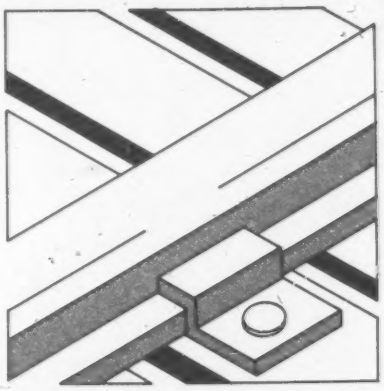
You have said procurement costs could be reduced from 10% to 30% if equipment were made right the first time. That's quite an indictment of defense contractors.

Thayer: There is certainly room for improvement there. But it's not always the fault of the defense contractor. I think there's a lot of room for improvement in the Pentagon and the acquisition process, too. It's also the DOD that keeps changing its mind. We must define what we want well enough so that there is little room for misunderstanding in the design, and then stick with it. You don't increase cost effectiveness when you jack a program around from year to year by increasing and decreasing its production rate because of budget restrictions. Also, [we must] keep changes down to an absolute minimum, which means having them approved at a high enough level so that there is a distinct control over changes that add to cost.

What else can be done?

Thayer: A lot of the restrictions that prevent the Department of Defense from saving money result from congressional interference. We need to close bases, but Congress won't let us. Now, we should certainly depend on Congress to force us to articulate the threat and what we think we need to do to respond to that threat. But when it comes down to nickel-and-diming programs and just arbitrarily chopping here and there, that's no way to run defense procurement. It louses up some very good programs. I don't think they should tell you: "You can't have $2 billion in order to make this program come true. We'll give you half of that, but go ahead and make it come true anyway." Or force us into taking programs that we've not even asked for. Or force us to take money from one program and put it in another.—S.N.C.

In this industry, at least, deregulation has been a real blessing. You will see it in the numbers this year, and, most probably, in the years that follow.



Railroads

By James Cook

As the newly deregulated $27 billion railroad industry emerged last year from the worst recession since the Thirties, the important thing was that the industry overall was still making money. Even Conrail, repository for most of the bankrupt railroads in the East, was running a profit. Only Illinois Central Gulf showed an operating loss.

Southern and Norfolk & Western crews celebrate merger day at Norfolk, Va.
One good merger deserves another. But how far should the industry go?

The Staggers Act effectively deregulated the industry three years ago, and in 1983 the effect of that emancipation finally began to make itself felt. First-half ton-miles were off 3.3%, but as the recovery gathered steam in the third quarter, weekly ton-miles began rising by 6%, 8%, 10% and more. Aided by an accounting change wherein track improvements are depreciated rather than expensed, the industry's inherent leverage began producing results—a 37% third-quarter earnings gain for Norfolk Southern, 55% for Burlington Northern, and a $2.5 million loss converted to a $10 million profit for Chicago & North Western.

Coupled with the fuel cost advantage the energy crisis had given the railroads, deregulation seemed finally to have arrested the long-term decline in the industry's market share. Whether such gains could be sustained, much less enlarged, remains an open question. But for the first time in a half-century the opportunity at least is there.

The consequence of deregulation, however, was to encourage every railroad in the business to become more self-contained. Because most of the costs of rail transport lie in picking up and delivering traffic, railroads have always tried to get as long a haul as possible, so as to generate the maximum possible revenue to offset those costs. To be sure that customers had the option wherever possible of considering alternative routes, the Interstate Commerce Commission used to require the railroads to set joint rates with connecting roads. But not anymore. "Deregulation has got rid of the antitrust immunity, and that makes it difficult to talk to other railroads," says Norfolk Southern's Chairman Robert B. Claytor. "It's a lot easier if you've got your own system and don't have to talk to anybody." And so the rules of the game have changed, and railroads across the country have begun closing their gateways—the interchange points with connecting lines. "A closed gateway," explain's Union Pacific's boss, William S. Cook, "does not entail a physical closing of an interchange point, but the refusal to post a tariff [a rate] on a specific commodity at that interchange, which technically closes that routing to competitive participation."

The first sign of what was to come was foreshadowed in 1980 when Chessie Systems and Seaboard Coastline merged to form the CSX system. CSX blanketed much of the area served by the Southern and Norfolk & Western systems. Where Chessie and Seaboard used to maintain joint routes with Southern and N&W, CSX could often offer single-system service between those same points. So it no longer needed Southern and N&W.

In response, Southern and N&W felt they had no choice but to merge themselves. So 18 months ago they became the Norfolk Southern system. "Each railroad," says Claytor, "has to serve as many points as it can so it can compete."

The pressure did not come from CSX alone. Conrail's predecessors had complained for years about how unfairly revenues were divided with its connections in the West and South. So when deregulation took place, Conrail began closing gateways and raising switching charges. The result was that piggyback traffic, which once moved out of Chicago for New York, for instance, could no longer move over the Norfolk & Western to

Buffalo and then to New York by way of Conrail's Lehigh Valley affiliate. Henceforward, it would go Conrail all the way. "Conrail will not work with you if they can make more handling it on their system," says Claytor. "That's understandable, but it's a consequence of deregulation." Another consequence, of course, is to reduce the shipper's freedom of choice in routing. Often, he now goes all the way, or not at all.

Naturally, competitors retaliated where they could. "Where our competitors have initiated such activity," says Santa Fe's recently retired chairman, John Reed, "we have reciprocated and taken other steps to protect our interests."

In the West, when the Union Pacific sucked the Missouri Pacific and Western Pacific into its craw, it created tremendous competitive pressures for Southern Pacific. SP claimed that UP was planning to divert over $90 million a year in westbound traffic onto its newly acquired Western Pacific lines between Ogden, Utah and San Francisco. Santa Fe could conceivably have gone it alone, but not Southern Pacific, and once Santa Fe threatened to work out the first transcontinental rail merger by acquiring Conrail, Southern Pacific bowed to the inevitable and a few weeks later agreed to merge with Santa Fe. The $1 billion in cash SP will get from selling Ticor and SP Telecommunications (which gives SP the highest ROE in the business) would enable the merged company to develop its considerable natural resources and real estate potential.

So thus far deregulation has stepped up the creation of a half-dozen overlapping balanced, regional systems. All six have produced considerable uniformity of results, though the inclusion of capital gains and other nonrecurring gains in income, as in the case of Southern Pacific, obscures this on the Forbes industry Yardsticks below. How long this balance will be maintained is far from clear. The Department of Transportation is eager to sell Conrail to somebody to get it off the government's back. But so far only Conrail's labor unions have made a firm offer, and the DOT would like a sponsor with somewhat more substantial financial resources: Santa Fe, Norfolk Southern, IU International—all of whom have been reported to be interested.

With its plant shrunken and its labor force reduced, Conrail's attractions are considerable. Even at its new, smaller scale, it produces close to 15% of all rail traffic generated in the U.S. With enough government pressure behind the sale, some railroad may yet leap to the bait, and the race to create countervailing transcontinental systems may begin.

Whether the U.S. really needs transcontinental railroads is another question. The amount of transcontinental traffic is minimal, though not so minimal as to discourage an ambitious CEO from winning a place in history by establishing one.

Regional systems are another matter. More than one railroad executive has seen the attraction of regional monopolies of the sort Conrail represents in the Northeast and Burlington Northern in the Northwest. Even so, to commit the entire rail transport of a region to a single system, as the Penn Central merger did, may pose risks for any regional economy greater than the public interest would find acceptable.

Deregulation, of course, did more than heighten the competition between the emerging single-line systems. It also increased enormously the industry's ability to compete and cooperate with the trucking industry. For the first time railroads are able to set piggyback rates as they please and move into and out of markets at will. "Rail deregulation," as the Burlington Northern sees it, "allows us to offer contract rates and other services that make piggyback more attractive to truck lines. This intermodal cooperation combines the flexibility of trucks with the inherent efficiency of the railroad and lowers shipping costs to customers."

What makes piggyback so exciting is that it has been opening up whole new markets to the railroads. In the last half-century, the railroads have come to depend primarily on bulk commodities like coal, grain and chemicals for their living. Piggyback puts the industry back in touch with the dynamic growth segments of the U.S. economy, from high-technology products to perishables.

Piggyback traffic has been growing briskly for some time, of course. It didn't even falter during the recession. But the gloves are now off, and railroads like Santa Fe, which already

Railroads

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Chic & North Western	1	16.8%	5.2%	1.2	7	6.5%	4.7%	1.1%	5	9.9%	6	9.6%
Norfolk Southern	2	14.0	8.5	0.3	1	8.7	5.8	9.5	8	8.3	3	13.6
Union Pacific	3	13.4	9.4	0.5	2	8.6	5.5	4.8	1	21.6	4	13.5
Burlington Northern	4	11.0	13.0	0.4	3	7.9	9.3	8.6	3	16.5	1	20.2
Southern Pacific	5	10.5	22.7	0.5	5	7.0	13.1	19.7	7	8.7	2	16.2
Santa Fe Industries	6	10.4	7.5	0.2	4	7.1	5.1	5.9	4	13.0	7	9.2
CSX	7	9.6	4.1	0.5	6	6.6†	4.0	2.8	6	9.6	5	10.3
IC Industries	8	8.3	4.6	0.8	8	5.5	4.2	1.6	2	16.5	8	3.1
Industry medians		10.8	8.0	0.5		7.1	5.3	5.4		11.5		11.8
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average.

gets over 25% of its revenues from piggyback, hope for considerable growth over the years ahead. Thanks to piggyback, in Florida and California CSX, SP and Santa Fe once again captured an important chunk of the fresh fruit and vegetables traffic they had abandoned to the truckers a quarter-century before.

Most railroads are not likely to move into trucking as such on any large scale. It's too costly, too difficult and perhaps too incompatible with the railroads' volume-approach to the business. But the industry may well move into other forms of transportation. Both Burlington Northern and CSX (for quite different reasons) have moved to acquire natural gas pipelines, BN with El Paso and CSX with Texas Gas, for example. More to the point, CSX has also asked the ICC for permission to get into water transport as well, having acquired American Commercial Lines with Texas Gas. Most promising of all, CSX has worked out a deal to lease up to 4,000 miles of its right-of-way to MCI Communications for a high-speed fiber-optic data and voice communications line in exchange for $36 million over a period of years and free, if limited, use of the MCI system.

Most of the industry remains, inevitably, very much a captive of its economic geography. If you serve the South or West where the local economy has been booming, as the Union Pacific and Norfolk Southern do, you can hardly fail to outperform the Milwaukee or Conrail, which serve the industrially stagnant East or Midwest. If you have coal or grain in your territory, as Santa Fe and Burlington Northern have, you are bound to outperform a line like the Southern Pacific, which never had much of either, never mind the Illinois Central Gulf, which faces barge competition the length of its mid-America route.

So it's even more surprising that, by and large, the railroads have been so late in diversifying and then have done it so fitfully. In the West, where the Santa Fe, Southern Pacific, Union Pacific and Burlington Northern had their land grant heritage from the 19th century, the railroads have been slow to capitalize on them. Nobody has gone farther and faster than the Union Pacific, which, since the acquisition of Champlin Petroleum in 1970, is more oil company than railroad. (The oil component, in fact, largely explains why both Union Pacific and Santa Fe have grown much faster than the industry in recent years.) But Santa Fe and Burlington have worked hard to catch up, Santa Fe with its holdings in coal, oil, lumber and uranium, Burlington in coal, oil, timber and, now, natural gas, with the acquisition of El Paso.

Southern Pacific diversified more ambitiously. As the profitability of its rail operation declined, it acquired a title insurance company and had a stunning success in building a telecommunications business. But it lacked the capital to nurture both and in the end sold them.

The Chicago & North Western, meanwhile, conglomerated under the name of Northwest Industries, which then sold the railroad to its employees—who have since taken it public. Under Jim Wolfe, North Western has worked wonders in building a new life out of the mistakes of others, ruthlessly contracting its system to meet the level of its traffic. It has also fallen heir to both the bankrupt Milwaukee and Rock Island systems—and has acquired parts of one and hopes to acquire what remains of the other—and has bulldozed its way into the Wyoming coal fields in joint ventures with UP and BN. Within five years UP-NW could be hauling as much as 25 million tons a year, much of which will come out of Burlington's hide.

In sum, as North Western's experience indicates and as roads like Norfolk Southern and Santa Fe have demonstrated long since, transportation can be a pretty good business to be in. And for the first time in a long while, it's likely to get even better. ■

Acid rain can be good for you

What's good for heavy industry is generally good for the railroads. Oddly enough, what's bad for it can sometimes be good for the railroads as well. Take the matter of acid rain.

Acid rain is produced, most probably, by sulfur dioxide emissions mainly from utility power plants, industrial boilers and other stationary power plants in the industrial Midwest. Congress is now wrestling with how best to lessen the amount of it. The coal industry is of two minds. On the one hand are those who opt for power plant scrubbers, which would benefit high-sulfur-coal producers in Ohio and Illinois like Peabody and Consolidation. On the other are those preferring to set air quality standards and let companies meet those standards in any way they choose—including switching from high-sulfur to low-sulfur coal, which would benefit low-sulfur-coal producers in West Virginia and the Far West like Pittston, Westmoreland and Nerco.

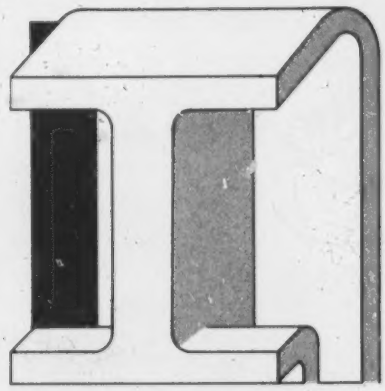
The latter solution—cheaper, more economic and conceivably even more effective—ought to prevail. If it does, nobody stands to benefit more than the coal-carrying railroads—the Union Pacific and Burlington Northern in the West, CSX and Norfolk Southern in the East. According to Peabody Coal, at least 170 million tons of high-sulfur-coal production is up for grabs. Low-sulfur coal is generally farther from the point of consumption than high-sulfur coal is. Indeed, some of the utility plants that might switch to low-sulfur coal are in fact built at the mouths of the high-sulfur coal mines that support them. So the railroads would get a lot of business, particularly with coal from Colorado, Utah and Wyoming.

Since the heat content of western coal is only a half to two-thirds that of the high-sulfur eastern coal it would replace, the utilities would need substantially more tonnage to do the job. Small wonder, then, that western roads like the Burlington Northern and Union Pacific, both of which are also in the coal business, have jumped on the bandwagon to support legislation permitting free choice. The eastern carriers—CSX and especially Norfolk Southern, with customers on both sides of the argument—have preferred to remain neutral. After all, why alienate their high-sulfur coal mine customers prematurely?

But there's no question which side the eastern roads' bread is buttered on. According to an independent study made for the Alliance for Clean Energy, a joint coal producer/coal railroad group, the low-sulfur option would require 100 billion additional ton-miles of transportation from the west by 1995, of which 95% would be provided by railroads. And that's no mean increment. In 1982 the railroads' total traffic volume was less than 800 billion ton-miles.—J.C.

Despite improving prospects, the final shakeout is under way in this seriously troubled industry. For 1984 the word will be merger.

Steel



By Kevin McManus

THIS INDUSTRY is going to have a better year in 1984," says Harry Holiday, chairman of Armco Inc. "All predictions are that tonnages are going to be up somewhat."

"It's conceivable that we could even operate at capacity in specific product lines," adds Thomas Graham, vice chairman of U.S. Steel.

It has been so long that it hardly seems possible, but, yes, recovery actually is at hand in the steel business. The first to feel it: producers of sheet steel for Detroit like National, Inland and LTV, although it can't yet be seen in the latest 12-month figures on the Forbes Yardsticks. National Steel, especially, has benefited, since its largest sheet mill is right in Detroit. Makers of steel for appliances and electrical machinery also have begun to see increased orders. Heavier products—structural shapes, rails and tubes—will revive as soon as there's a significant pickup in capital spending, already under way in some industries. That will help producers like U.S. Steel, Armco and Bethlehem. By the second half of this year all seven of the country's major steelmakers will probably be in the black. U.S. Steel is even predicting four quarters of operating profits, based on a modest uptrend in capital spending in 1984.

The trouble is, the industry has been down for so long that it will take at least a decade of vastly improved prospects to put it back on its feet. What small profit the big steel producers do make in 1984—perhaps

Taking it to the courts

Antidumping suits are always messy, but when they involve Third World exporters hard pressed to pay their bank loans, they are doubly difficult. If the U.S. government comes to the aid of the beleaguered American steel industry by imposing import quotas, it risks pushing those Third World countries closer toward default.

Consider Bethlehem Steel's threatened suit, which would seek to restrict the total amount of steel foreigners can legally export to the U.S. In 1983 steel imports accounted for some 22% of U.S. consumption, or about 20 million tons, out of the roughly 85 million tons sold in the U.S. Bethlehem and other big steel companies backing the suit would like to see that import tonnage cut back to about 15%. That, of course, might trigger reprisals from Japan and Europe, which are already limiting exports here.

On top of that, the International Trade Commission, a government agency that deals with such matters, still has to wrestle with the Gilmore Steel case. Gilmore, a small Portland, Ore. plate producer, has sued exporters from West Germany, Belgium and Korea for dumping plate products in its West Coast market. The case, which so far has advanced in Gilmore's favor, could be as sticky as the U.S. Steel and Bethlehem cases, because a ruling in Gilmore's favor could wreck the 1982 accord between the EEC and U.S. steel producers. And that could cause the same headaches that the U.S. government would seek to avoid by throwing out the Bethlehem and U.S. Steel cases.

Thomas Boklund, president of Gilmore, believes the EEC and Japanese accords would not be ruined by a ruling in Gilmore's favor. "I think there's too much to be lost by the Europeans," he says, were they to scotch the existing arrangement. "Our complaint is on one product only, whereas the arrangement covers many products."

Boklund points out that the Gilmore suit was do-or-die for the little company, which was operating at only about 30% of capacity for most of 1983. "But in order to compete and stay in the market," he says, "this is an avenue we have to take, unfortunately."

That sentiment pretty much holds true for the big producers in their legal actions against foreigners. Like Gilmore, they feel they are being driven out of business by overseas competitors, most of whom are nationally owned. If antidumping suits and steel quotas threaten to disrupt already shaky financial and political connections between the U.S. and its trade partners, well, that's Washington's problem. If the U.S. wants to have a viable steel industry, then, for the moment at least, the foreigners had better be kept out or, at least, largely cut off.

Are the rulemakers in Washington receptive to this reasoning? "I think they understand the problem," says Harry Holiday, chairman of Armco. "But, most probably, we still have to file suits in order to bring some action."—K.M.

$1.5 billion, according to Oppenheimer Vice President John C. Tumazos—will certainly not be enough to finance the modernizing effort that steelmen say is necessary to make them globally competitive. Nor will it be enough to attract economic financing on Wall Street. About all one can say is that after two years of staggering losses and chopping of plant and personnel, any profit at all is a step in the right direction.

None of this applies, of course, to the recycling arm of the industry, the so-called minimill operators such as Chaparral and Nucor. Those companies have stayed quite healthy because of lower labor costs (most minis are not unionized); lower transportation costs (because they tend to be situated close to their markets); and, most importantly, far lower capital spending requirements (they melt inexpensive scrap in efficient electric-arc furnaces, for the most part).

The central issue is what's happening to the Big Seven steel producers that make raw steel: U.S. Steel, Inland, LTV, Republic, Armco, National and Bethlehem. To build a brand-new supermill that would be competitive with the best Japanese mills would cost about $2,000 per ton of capacity (vs. $250 to $750 per ton for electric-arc minis, depending on the product), estimates Richard Smith, vice chairman of Bethlehem. "And the current return on the steel business is such that the investment couldn't be justified." It certainly isn't justified, and has not been for years. Look at the big steelmakers' return on capital over the past five years: U.S. Steel, 3.8%; Armco, 0.1%; Republic, 0.0%, and so on.

Because the industry's costs are simply not competitive internationally, even with more demand, the steelmakers face a host of other problems:

- Imported tonnage, which accounted for 22% of total steel sales in 1982. While most of it comes from Japan and Europe, a growing amount also comes from Third World producers like Brazil, South Korea, Mexico, Taiwan—even Trinidad and Tobago. After European and Japanese producers agreed in 1982 to limit steel exports to the U.S., developing countries rushed to take up the slack. The problem is worsening. Troubled Wheeling-Pittsburgh threatens to import semifinished steel from Brazil, as U.S. Steel wants to do with British Steel. No surprise, then, that Bethlehem Steel planned a major trade suit before the International Trade Commission, seeking to establish stiff U.S. import quotas *(see box, p. 154)*.
- Excess capacity. Despite wholesale downsizing by the industry, domestic steelmakers still possess the plant, equipment and manpower to

Steel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Worthington Inds	1	27.6%	17.2%	0.6	2	17.9%	11.6%	4.5%	1	25.0%	1	20.7%
Nucor	2	23.9	10.5	0.2	1	18.6	9.4	4.9	2	20.1	2	19.6
Northwest Industries	3	21.3	1.7	0.5	4	12.5	2.3	0.6	9	9.4	3	13.8
Carpenter Technology	4	15.3	6.6	0.2	3	14.0	5.2	4.6	6	10.2	5	8.4
Commercial Metals	5	14.5	7.1	0.2	7	11.6	6.6	0.9	3	14.6	4	8.8
Earle M Jorgensen	6	13.8	3.5	0.2	6	12.1	3.7	2.6	14	5.8	8	5.0
Central Steel & Wire	7	12.5	10.3	0.0	5	12.3	10.1	3.4	17	4.5	7	6.2
LTV	8	9.8†	def	1.3	15	5.0†	def	def	5	11.9‡	6	7.1‡
Colt Industries	9	9.6	17.6	0.5	8	7.5	14.6	5.6	11	7.1	10	–9.9
Athlone Industries	10	8.2	def	1.3	9	6.9	1.4	def	26	2.1	11	–11.4
Interlake	11	7.2	3.6	0.4	10	6.2	4.0	1.5	15	5.3	9	–4.8
Crane	12	7.1	def	0.6	13	5.5	def	def	22	3.7	13	–13.1
Copperweld	13	6.6	def	0.5	11	5.7	def	def	13	6.0	12	–11.9
Northwestern Steel	14	5.1	def	0.0	14	5.2	def	def	21	4.0	14	–14.1
Cyclops	15	3.2	def	0.4	16	3.8	def	def	10	8.7	15	–15.0
Hanna Mining	16	1.8	def	0.2	19	2.1	def	def	28	–4.2	17	–31.1
Lukens	17	1.6	def	0.6	18	3.0	def	def	12	6.2	16	–29.0
National-Standard	18	1.3	def	0.2	20	1.6	def	def	23	3.2	19	–34.0
United States Steel	19	1.1	def	1.0	16	3.8	def	def	7	10.1	18	–33.6
Inland Steel	20	def	def	0.6	21	1.1	def	def	16	4.9	20	P–D
Republic Steel	21	def	def	0.5	24	0.0	def	def	18	4.3	20	P–D
Armco	22	def	def	0.4	23	0.1	def	def	8	9.5	20	P–D
Kaiser Steel	23	def	def	0.9	25	def	0.8	def	19	4.1	20	P–D
Wheeling-Pitts Steel	24	def	def	1.1	22	1.1	def	def	27	0.1	20	P–D
National Intergroup	25	def	def	0.7	26	def	def	def	20	4.0	20	P–D
Keystone Consolidated	26	def	def	0.6	27	def	def	def	25	2.6	20	P–D
NVF	27	def	def	3.2	12	5.6	def	def	4	12.2	20	P–D
Bethlehem Steel	28	def	def	1.0	28	def	def	def	24	2.7	20	P–D
Industry medians		4.2	def	0.5		5.1	def	def		5.6		–14.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average. ‡Four-year growth. P–D: profit to deficit. def: deficit.

produce far more pipe, plate, sheet, etc., than can possibly be consumed domestically or sold overseas. Total U.S. industry capacity is something like 150 million tons a year—20 million too much, by some estimates. So the downsizing continues. Closed in October: 75% of Bethlehem's 81-year-old, 1,696-acre Lackawanna, N.Y. plant, which has been darkening in stages since 1970. To be closed this month is Armco's 42-year-old Houston works, which once turned out plate for Texas oilfield drilling rigs.

● Outmoded plant. Most of the U.S. mills that remain open after the shutdowns will need modernizing. The newest U.S. mill is Bethlehem's Burns Harbor, Ind. works, a 20-year-old facility that is only medium-size by international standards.

Brazilian steel wire being unloaded in Houston
Whose problem—domestic steelmakers' or Washington's?

● Costly labor. American steelworkers are still paid more than their foreign counterparts, by a margin of 50% to 100%. Labor cost accounts for about 40% of the selling price of U.S.-made steel, vs. about 18% for that made in Japan.

All of which is not to say that domestic steelmakers don't deserve a lot of credit for facing up to their troubles. "The companies have done everything in their power to adapt," says Tumazos. But one measure of how much remains to be done is the fact that less than 30% of American steel is continuously cast, vs. about 90% of Japanese steel. The continuous casting process turns out a single strand of molten metal for simultaneous rolling, thereby eliminating ingot casting, reheating and trimming. Continuous casters are running now in Bethlehem's Burns Harbor facilities and will come on line at Sparrows Point, Md. in 1986. U.S. Steel, which has casters installed at Fairfield, Ala., Lorain, Ohio and three other facilities, says it will be casting 30% of its steel this way by 1986.

U.S. Steel's efforts to make a deal to import 1 million tons of low-cost slab annually from British Steel's 20-year-old Ravenscraig mill in Scotland (and finish the slabs at its Fairless works) is tacit recognition of the fact that this is too little, too late.

That venture is opposed by unions in both countries and could be blocked by either U.S. or British regulators. But even if the U.S. Steel deal should fall through, some slab importation arrangements are likely to be worked out, perhaps with less fanfare, with countries active in the slab export business like Brazil, Sweden, Canada and Korea.

Other U.S. steel producers are attempting somewhat less defeatist solutions. Perhaps the most notable example is the proposed merger of LTV and Republic, which would create the second-largest steel firm in the U.S. and permit both integration and downsizing. If Washington okays that deal—most steelmen believe it will—others may follow. "I think we'll see a merger or two beyond LTV-Republic, and probably sooner rather than later," says Ralph Thompson, a Commerce Department steel analyst. "Wheeling-Pittsburgh is clearly a candidate for something."

Republic implicitly is agreeing with the view of U.S. Steel Chairman David Roderick, who believes that by the end of this decade only three to five fully integrated steel companies will exist, producing 60% to 65% of the nation's steel. Thomas Graham, Big Steel's second-in-command, elaborates: "I expect we'll see merger activity and we'll see financial failures. We'll see a reshaped industry that is created by a survival mode like that." ■

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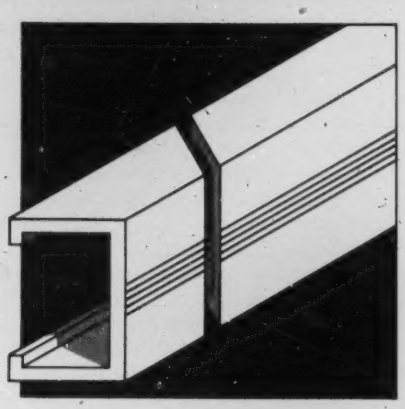
Fundamental changes in the world's economy are causing the recovery to pass by most of this most basic of basic industries.



Nonferrous metals

By James Cook

SOMETIMES MANAGEMENT isn't everything. The $30 billion U.S. nonferrous metals industry is being shaken to its roots these days by the steadily declining importance of metals in the world's total economic activity and by the increasing role that governments are coming to play in the world's base metals business.

The effect of those two forces on metal prices has been devastating. In 1983 copper shot up from 69 to 83 cents a pound, and then dropped back to 69 again, the lowest level in real terms since the Thirties. Lead hovered around 20 cents a pound and rose to 26 cents in the fall, vs. over 60 cents in 1979. Molybdenum at $4 and nickel at $2 were something like 50% below their 1980 highs, with no upturn in sight. Silver, up from $4.88 to nearly $15 an ounce in early 1983, was back to $9 by late fall. And gold had dropped from a 1980 high of $851 an ounce to $400 by late fall.

Thanks to auto and housing demand, only aluminum and zinc were out of the woods, with zinc at 49 cents a pound, just a shade below its alltime high, and aluminum at a heavily discounted 81, the highest producer-price level in history.

Why was the nonferrous metals business in general being passed over in the recovery? At least in part because of fundamental changes that are taking place in the economy. For at least the last 30 years the U.S. GNP has become increasingly less materials-intensive. Between 1950 and 1981 the U.S. real GNP tripled, but steel consumption rose less than 50%, copper less than 30%, lead not at all and zinc actually declined. Only aluminum—the industry's high-volume growth business—succeeded in outpacing the GNP by a wide margin. And now even aluminum is losing ground as its customers work to get more from less, reducing the aluminum content of beverage cans, for example, by a prospective 17% over the next two years.

The energy crisis speeded up these changes, devastating one traditional

Nonferrous metals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Cabot	1	21.3%	9.9%	0.3	2	14.0%	7.5%	4.1%	1	23.3%	1	29.3%
Engelhard	2	19.5	17.0	0.2	1	17.2	13.8	3.2	2	19.3‡	4	14.2‡
Handy & Harman	3	16.9	6.8	0.6	3	11.9	5.9	1.6	5	9.6	6	6.8
Newmont Mining	4	14.6	4.9	0.1	4	9.9	3.7	9.8	10	6.8	2	17.2
Alcan Aluminium	5	13.5	0.7	0.5	5	9.5	1.9	0.4	4	11.3	5	12.8
Alcoa	6	10.6	def	0.5	7	8.2	1.8	0.0	6	9.6	7	6.4
ASARCO	7	9.4	2.2	0.5	6	8.4	3.7	2.7	9	6.8	3	15.1
Kaiser Alum & Chem	8	6.0	def	0.6	9	4.9	def	def	7	8.9	9	–10.8
Reynolds Metals	9	5.3	def	0.6	10	4.1	def	def	8	8.7	8	–9.6
AMAX	10	4.4	def	0.6	8	5.5	def	def	3	15.8	11	–14.4
Phelps Dodge	11	2.9	def	0.6	11	def	2.9	def	11	5.2	10	–11.3
Inco	12	def	def	0.6	12	def	def	def	13	0.6	12	P–D
Revere Copper	13	def	def	6.2	13	def	def	def	12	4.9	12	P–D
Industry medians		9.4	def	0.6		8.2	1.8	0.4		8.9		5.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit.

metals market after another virtually overnight. Downsize the energy-sensitive segments of the economy, including its automotive component, as the U.S. set about to do in the Seventies, and you inevitably also downsize all the industries that depend on it. The metals-producing industries were affected most of all, except aluminum, whose light weight gave it an edge over most other materials.

Add to basic changes like this the worst manufacturing recession in a half-century, and you get the devastation so vividly reflected in this year's Forbes nonferrous metals industry Yardsticks: Revere Copper in bankruptcy, no fewer than 7 out of 13 companies in the red. The only companies able to keep their heads above water were Alcan, with the world's lowest-cost aluminum operations; Cabot, with a countervailing stake in oil, gas and chemicals; and 4 companies with a commitment in some way to precious metals, either as miners (Asarco, Newmont) or as processors (Engelhard, Handy & Harman).

The more specialized metals—nickel and molybdenum—were no better off than the base metals. Gone are the days when steel was the hallmark of industrial potency and specialized steels the big growth area, when the metals used primarily in making steel alloys that were harder, lighter or less rust-prone did impressively well, thereby enriching the world's two leading producers, Inco and Amax, who compounded their advantage by exploiting a near-monopoly on the world's economic reserves of their metals. Today both industries have more capacity available than they are likely to absorb in a decade, while the steel industry seems to be contracting worldwide.

Faced with fast-shrinking markets, Amax sought to offset its inordinate dependence on molybdenum by diversifying all over the lot. Trouble was, it ventured into adjacent businesses, often materials that proved to be every bit as vulnerable: nickel, copper, lead, zinc, fertilizers. True, it also went into aluminum, coal, iron ore, oil and gas, which were not as vulnerable as molybdenum. But Amax was not sufficiently contracyclical to offset the others. Inco's by-product copper, recovered in the process of mining nickel, made it one of the world's largest copper producers. But this was no protection. Copper was nearly as hard hit as nickel, and Inco's attempt to diversify with Electric Storage Battery was a $254 million disaster.

But the shifting patterns in the world's consumption of materials are only the half of it. The other half is increasingly widespread government ownership of the metals industries, a stake so large in steel, copper and aluminum that the balance of economic power is rapidly shifting away from the private sector.

It's a phenomenon scarcely limited to metals, of course. You could say the same of petroleum and petrochemicals, or airlines or telecommunications. But nowhere has the change been more dramatic and more disastrous than in copper. Over the past decade or so, all of the key Third World copper producers—Chile, Zambia and Zaire—have nationalized their copper production. Today something like 55% of the world's output comes from government corporations, vs. 33% a decade ago.

These new Copper Kings, as FORBES called such government enterprises a decade ago, are aloof from the profit disciplines that in the past have shaped the industry's development. What governs their conduct these days are such concerns as employment and foreign exchange and the

Games governments play

When a private company can't meet its financial obligations, it generally goes bankrupt. When a Third World government enterprise finds itself in the same position? It goes to the International Monetary Fund.

Don't laugh. That's just what's facing the copper industry these days—bankruptcies for the private companies, IMF backing for their government competitors.

In 1982, for instance, when copper consumption fell sharply worldwide, U.S. producers cut production back from 1.5 to 1.1 million tons in an effort to bring supply and demand into balance. Chile, however, increased production from 1 million to 1.2 million tons. It needed to keep its copper miners working, and it needed the foreign exchange copper would bring to service its $20 billion in external debt.

So who cared if copper prices went to hell in a handbasket? There was always the IMF to turn to. Its compensatory financing facility provides loans as balance of payments supplements when there is a temporary shortfall in a developing country's export revenues.

Chile, with its low costs, may have made money selling copper at 69 cents a pound, but its high level of production helped depress the price of copper. At such price levels, high-cost producers in Zambia, Zaire, Peru and Papua New Guinea couldn't make money any more than the North American producers could, though they kept on producing anyway. Export earnings for these countries dropped sharply, and the IMF had to come up with a compensatory $586 million for these countries as well. "It doesn't make any sense," says Asarco's Chairman Ralph Hennebach. "The margin between shortage and surplus is so small that if these countries had cut production, copper prices would have risen so much higher that they'd have made more on lower production than they did by producing full out."

Small wonder, then, that the U.S. copper industry is in such chaos these days. U.S. consumption has begun picking up, but U.S. producers aren't supplying the upswing. Instead, low-priced Chilean copper, which normally moves to Europe, is flooding into the U.S.

All things considered, of course, that isn't all bad. In the last economic recovery, copper soared to well over $1 a pound, whereas today, 13 months into the current recovery, copper remains at 69 cents a pound, near its recessionary low. So you could say that U.S. consumers are, in effect, getting an indirect price subsidy both from the Third World producers and from the IMF.

But that subsidy comes at a price, and that price may be the devastation of major parts of the U.S. copper industry. When governments set the economic terms of any industry, over the long haul only governments can reasonably be expected to play the game. So if the current situation continues, it's likely the U.S. government will have to meet fire with fire: become involved in the copper business itself. In the end, if that happens, the low price of copper may not be such a bargain after all.—J.C.

demands of the international lending agencies *(see box, p. 162)*. Never mind whether demand is high or low, whether prices are low or high, these government producers keep churning out metal, maintaining employment and foreign exchange. In the process, of course, they depress metals prices and export unemployment.

So the industry's private sector, situated primarily in North America, has attempted to bring supply and demand into balance by curtailing production. In the first half of 1983, for example, U.S. producers cut their output by 16%, to no avail. With the Third World producers running full out, total production worldwide dropped a mere 6%. Result: The private copper industry in the U.S. and Canada is being driven to the wall, not by the economics of production but by the politics of nationalization.

The results are obvious: Most of the major U.S. producers have already been absorbed by the oil or mining conglomerates. The few that are still independent have been forced to close down, temporarily, one mine after another, so that today the U.S.' most efficient copper producer, Phelps Dodge, had no choice but to endure a bitter strike and is being forced to liquidate major chunks of its other assets to stay solvent. "It's our intention," PD's able boss, George Munroe, demurs, "to reinvest our capital in areas where it can be more productive"—small mines, that is, and precious metals.

Asarco, one of the few major independent copper producers still around, would probably have been in similar difficulty except for the fact that it is also the U.S.' largest producer of silver. For part of 1983, silver was booming. "You don't manage for profit," Asarco President Richard de J. Osborne explains. "You manage for cash flow to meet your obligations."

Copper is not alone. Alcoa's new chairman, Charles W. Parry, complains that the private aluminum industry has also been hurt by continuing high levels of production from government-owned smelters in places like Venezuela and Bahrain. By 1985, in fact, Alcoa predicts government smelters will account for 50% of the industry's output, vs. 15% in 1960. Meanwhile, to an even greater extent than the rest of the industry, U.S. producers have had trouble coping with the rising costs of electric power (perhaps a quarter of the final cost of aluminum). That has already rendered more than 15% of U.S. capacity obsolete. U.S. energy costs now average an estimated 20 cents per pound, vs. 13 cents overseas. While U.S. producers—Alcoa most of all—have reduced the amount of power needed to produce a pound of aluminum, the U.S. is playing a losing game.

Chile's massive Chuquicamata mine
Private firms or government games?

Though most of its markets have begun to mature, the aluminum industry still thinks of itself as a dynamic growth business. So the three big U.S. producers are moving to Australia and Brazil, where inside of 10 or 15 years aluminum will probably cost 20% less to produce than in the U.S. So is Alcan, which, thanks to its low-cost hydroelectric power base in Canada, has steadily gained ground on its competitors all during the Seventies and very probably will continue to do so in the rest of the Eighties. Kaiser, meanwhile, despite its failures in diversifying in the past, hopes to develop a counterbalancing half of its revenues in other areas; Reynolds aims at becoming more of a fabricator.

The pattern is clear: America's base-metals producers are steadily losing ground to their foreign and primarily government-owned competition. As a result, the U.S. will almost certainly come to depend more and more on imports for its basic materials. According to Dean Witter First Vice President J. Clarence Morrison, unless the trend is reversed, by 1990 the U.S. will probably be importing 30% of its copper requirements, vs. 15% currently; 36% of its aluminum, vs. 20%; 75% of its zinc, vs. 55%; 60% of its nickel, vs. 45%.

Still, there are some real winners in the business, notably Handy & Harman, Engelhard, Cabot and Newmont Mining. But neither Handy & Harman, Engelhard nor Cabot is in mining. Handy & Harman and Engelhard are precious metals refiners and fabricators, with successful diversifications into specialty metals products and catalysts, respectively, while Cabot more than offsets its specialty metals operation with petroleum, petrochemicals and carbon black.

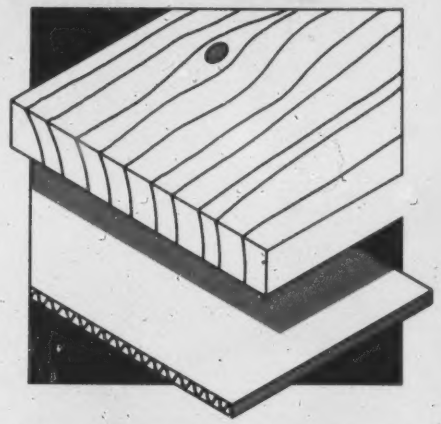
As a mining enterprise, the group's star performer is Newmont Mining. Though it ranks as one of the world's largest copper producers and even increased its stake a year ago by picking up Cities Service' copper properties, Newmont makes its money these days from some strikingly successful ventures into coal, oil and gas and, most spectacularly, gold. Newmont's Carlin mine was a winner when gold was at $35 an ounce. It's a real gold mine with gold at $400 an ounce, never mind at over $850. Newmont's diversification is as varied and unstable as that of anyone else in the mining business, but, given the present needs of the market, it has almost alone been able to meld those instabilities into a profitable combination. No wonder Britain's Consolidated Gold Fields may increase its Newmont investment from 26% to 33%.

What's ahead? Nobody has much doubt that aluminum should score a dazzling comeback in 1984, so much so that some analysts are even predicting a shortage. Ditto zinc and possibly lead, both of which hit a new floor in demand during the recession. Silver and gold still boom and bust on their reputation as storehouses of value. As they are currently out of favor, prices and profits hinge on the level of industrial demand, which is finally beginning to recover from the low levels of 1982. Nickel's and molybdenum's fortunes depend partly on steel's. They had better be better in 1984 than they were in 1983 or the industries may not survive.

Nobody really knows what's ahead for copper. Under normal circumstances rising demand from housing and automotive markets ought to have sent copper prices and profits soaring long before now. But it hasn't. Coppermen now wait for an overdue upsurge in capital spending to do the job. The worse things get, the more mines close, the sharper and more explosive the upswing ought to be. As Asarco's former Chairman Charles Barber points out, "History teaches that a small shortage creates a disproportionate increase in price, and, conversely, a modest surplus creates a disproportionate decrease in price."

So near, and yet so far. ■

Government deficits are likely to depress housing starts and the wood and lumber companies' profits, but prosperity for the papermakers is virtually in the bag.



Forest products

By Lawrence Minard

IF ONLY WASHINGTON doesn't screw things up.... So ran the thinking of forest products company chief executives as 1983 ended. Housing starts, up 70% last year, were back to normal. Wood products, which typically lead the industry out of recession, had already enjoyed a dramatic turnaround. Industrial production, key to such depressed paper products as linerboard, was beginning to pick up. In short, the industry was finally back on course.

Nevertheless, Potlatch Corp. Chairman Richard Madden was glum when he addressed security analysts in October, despite third-quarter results of $10.8 million, which were better than twice 1982's third quarter. Potlatch's immediate prospects, Madden conceded, were "encouraging." But not so longer-term prospects. "Despite all the rhetoric from Washington," he warned, "excessive federal spending and huge budget deficits over the next several years ... [are] fundamental roadblocks that threaten the current recovery and dampen our enthusiasm about the longer term."

The basis for Madden's fears is obvious. Huge deficits mean upward pressure on interest and mortgage rates, and that's death to housing starts—and the wood companies' profits. The industry hasn't seen a good housing year since 1978, when starts were 2.1 million. By 1982 they had plunged to just over 1 million, the worst level since the 1930s. The Yardsticks show the damage. Potlatch, Georgia-Pacific, Louisiana-Pacific, Boise Cascade, Southwest Forest, Weyerhaeuser—in every case the companies' five-year average equity had trouble keeping even with inflation or fell well short of it. Because 1982's fourth quarter was one of the worst on record, returns for the latest 12 months still lag the five-year averages by quite a margin despite the upturn in housing. Clouding the outlook for some West Coast companies, Southwest Forest, for example, are government timber-cutting contracts signed a few years ago at very high—and today very uneconomic—prices. Should the government force the companies to honor the contracts, wood products' earnings will be adversely affected.

What worries the forest products industry is how vulnerable demand for housing is to interest rates. When interest rates fell last spring, housing starts picked up smartly, to an annual rate of 1.9 million in August. But then interest rates bounced up again, which immediately knocked starts down to an annualized 1.6 million by November and around 1.7 million for the full year.

The problem, of course, is one of affordability. The "affordability ratio" is that portion of a typical American family's after-tax income devoted to financing a home. The ratio was 22% in 1977, when housing starts stood at 1.9 million units. Last year the ratio was over 30%. Economists at the Federal National Mortgage Association figure the ratio must drop to 25% to sustain housing starts at 1.75 million units. But a 25% ratio, they say, requires conventional mortgages at no more than 11.5%, vs. 14% today.

Even if housing stays at 1.7 million units this year, forest products companies won't be on easy street. Houses have been downsized, and an increasing number of buyers are switching to less ex-

Construction workers nailing Louisiana-Pacific's waferboard
New competition is the sincerest form of flattery.

pensive multiple-family dwellings. Both trends mean less wood sold. That means this will be the year of the low cost producer. Weyerhaeuser, for example, unlike most of its competitors, owns 6 million acres of very low cost timber and supplies all its lumber requirements. Even modest growth in demand for its lumber products will flow more or less directly to the bottom line. What makes Weyerhaeuser doubly appealing is that it has spent around $2.5 billion over the last five years mostly on pulp, paper and container making capacity. These lines now account for around 40% of Weyerhaeuser's $4.8 billion sales and position the company well for the surge in papermakers' profits that should follow the overall economic upturn likely to continue this year.

Timber-poor Louisiana-Pacific in Portland, Ore. has figured out a novel way to cash in on the upturn in downsized housing. LP Chairman Harry Merlo has invested heavily in waferboard, a new plywood substitute. Waferboard is made from peels of inexpensive trees like lodgepole pine and aspen. According to a recent study by Bowen Smith, Salomon Brothers' ranking forest products analyst, waferboard costs up to 30% less to produce than southern pine plywood. Yet it can be substituted for plywood in virtually all applications, indoors and out. Although it has less than 5% of plywood's sales so far, the growth potential of waferboard is impressive.

The surest sign of that is that plywood producer Georgia-Pacific is moving strongly into waferboard and a similar substitute, oriented stand board (OSB). GP, which produces 19% of America's plywood and sells 30% of it, now has two waferboard and OSB mills in operation and has announced it will add three more by 1985. That would give GP around 20% of the country's plywood substitutes capacity by 1985, against Louisiana-Pacific's 36% share then.

At the upper end of the industry Yardstick rankings last year were the wealthier papermakers. Once again Fort Howard of Green Bay, Wis. and James River of Va. stood head and shoulders above the pack. Fort Howard has developed an expertise at turning fiber waste products into valuable commercial tissues. Because fiber wastes are far cheaper than the virgin pulp most of its competitors use, Fort Howard has become the lowest-cost producer in the highly competitive tissues market.

James River, too, is the low-cost producer in several of its product lines. The company has avoided huge capital spending for new plants because it has been able to buy underused plants from less specialized papermakers. Moreover, James River is highly integrated: It converts trees to pulp, pulp to paper and paper into high-value-added paper cups, automotive filters, disposable towels and other products *(see box, p. 172)*.

The cyclical paper industry will enjoy a fine year in 1984. Paper depends not on mortgage rates and housing starts but on overall business and consumer spending patterns. At the cyclical peaks, when everyone is running at full capacity, even a high-cost, widely diversified company like International Paper can earn over 25% on

Forest products

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
James River Corp Va	1	26.7%	25.0%	1.0	2	16.7%	17.5%	3.9%	1	56.2%	1	30.0%
Fort Howard Paper	2	24.0	22.7	0.1	1	18.9	18.3	16.0	2	15.8	2	15.7
Consolidated Papers	3	18.4	14.0	0.1	3	15.7	12.0	8.6	4	11.7	3	12.9
Kimberly-Clark	4	17.9	12.0	0.2	4	13.9	9.5	5.3	7	11.2	4	12.7
Union Camp	5	15.4	10.7	0.3	5	10.9	7.0	7.0	11	9.5	8	5.7
Federal Paper Board	6	13.2	4.3	1.4	11	7.8	4.3	1.3	21	6.1	10	4.6
Gt Northern Nekoosa	7	13.0	8.7	0.4	6	9.3	6.2	4.9	5	11.4	6	6.6
Westvaco	8	12.7	8.2	0.3	8	9.0	6.4	4.2	14	8.6	7	5.9
International Paper	9	12.6	5.8	0.3	7	9.2	5.1	5.0	24	5.5	9	4.9
Hammermill Paper	10	10.4	4.4	0.6	16	6.8	3.1	1.4	3	13.2	11	4.3
Scott Paper	11	10.2	6.2	0.3	10	7.8	5.2	4.0	10	9.6	5	6.8
Willamette Inds	12	9.9	5.5	0.9	9	8.1	4.7	2.2	8	11.1	16	–4.2
Weyerhaeuser	13	9.8	3.4	0.4	12	7.6	3.7	2.7	16	8.8	14	–3.1
SCM	14	9.2	3.0	0.5	14	7.2	3.4	0.9	19	6.3	12	3.8
Potlatch	15	8.9	5.2	0.5	18	6.6	4.2	4.2	19	6.3	15	–4.2
Georgia-Pacific	16	8.5	2.0	0.6	21	5.9	2.4	0.7	6	11.4	19	–6.3
St Regis	17	8.4	def	0.6	19	6.4	0.5	def	15	8.5	17	–4.3
Boise Cascade	18	8.4	3.8	0.6	15	6.9	4.2	1.7	12	9.4	13	0.2
Champion Intl	19	8.2	3.5	0.5	20	6.0	3.4	1.7	22	6.0	20	–6.5
Mead	19	8.2	def	1.0	17	6.7	1.3	def	13	9.2	21	–9.2
Longview Fibre	21	7.4	4.6	0.7	13	7.6	4.6	2.6	17	7.6	22	–10.6
Louisiana-Pacific	22	6.5	2.7	0.2	23	4.6	2.1	1.9	9	10.8	18	–5.2
Crown Zellerbach	23	3.9	2.8	0.6	24	4.1	4.1	1.8	18	7.1	23	–18.8
Southwest Forest Inds	24	1.7	def	1.1	22	5.5	0.5	def	23	5.7	24	–26.4
Industry medians		9.9	4.5	0.5		7.6	4.3	2.4		9.3		2.0
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

equity, as IP did in 1979, the industry's last boom year. Then the paper companies spend heavily on new capacity. The operating leverage that boosts earnings in the boom years comes back to clobber them as the economy dips. With the economy turning up again, operating leverage is beginning to work its old magic.

Look at badly hit St. Regis, which lost $49 million in 1982's fourth quarter, thanks to a writeoff on businesses being disposed of. St. Regis produces around 760,000 tons annually of linerboard, the brown paper linings on boxes. With everything from white goods to kids' toys moving off the shelves in 1983, as banner Christmas sales loomed, demand for linerboard picked up. So did its prices: up from around $220 a ton in 1982 to nearly $300 a ton late in 1983; $320 a ton is anticipated by early 1984.

"So you're looking at a $76 million swing for us on linerboard alone," says St. Regis Chairman William Haselton. Haselton predicts St. Regis earnings of $4 a share in 1984, vs. 1982's $1.29 a share. That's leverage.

Another product likely to do well in the coming years is uncoated white printing paper, which spews forth from computers and copiers. Union Camp Chairman Peter McLaughlin has wisely shunned broad diversification and concentrated his spending primarily on uncoated white papers and linerboard. He has torn a page from Fort Howard's book: He has developed a specialty chemical business that converts cheap waste chemicals into high-value-added resins. From nothing, Union Camp's chemicals division has grown to $260 million (sales). Says McLaughlin: "Frankly, I see nothing in any of our businesses that worries me this year."

The world's largest supplier of office copy paper is Great Northern Nekoosa. But Great Northern was hit by a 44-day strike last summer that cost the company nearly $11 million. The strike is over, as is most of the spending on a $560 million pulp mill in Mississippi, scheduled to open in September. Half of the new plant's output will be exported, mainly to Europe, a clear sign that the Scandinavians are running short on trees and are no longer the fierce competitors in the international pulp trade they once were. Of course, the paper industry's oldest enemy is the greed of its own executives in the up cycles. So it's not too soon to ask whether there will be another binge of overbuilding as profits rebound. Union Camp's McLaughlin thinks not, if only because new plants are so costly. He cites a plant he built in the 1960s, which cost $60 million. In 1977 he built an identical plant. Cost: $250 million. Today, he says, the plant would cost over $500 million to build, if Union Camp could obtain all the required permits. "That kind of capital simply is not available to very many companies," says McLaughlin.

So the industry can probably count on another year or two of prosperity, unless those $200 billion-plus government deficits throw a wrench into the recovery. Says Union Camp's McLaughlin, "We keep hoping the politicians will do something." ■

The best little paper company in America

From the Yardsticks, James River Corp. of Virginia looks more like a hot computer maker or defense contractor than a paper company. Founded 15 years ago by chemical engineer Brenton Halsey, now 56, and mechanical engineer Robert Williams, 53, James River's sales have grown at 56.2% annually over the last five years, to $2.4 billion today. Profits have compounded at 30%. Through boom and bust the company has earned, on average, 26% on shareholders' equity—better than twice the typical paper company's average.

It's been achieved by acquisitions, but this is no hall of mirrors from the Sixties. Halsey and Williams built their company by buying up numerous small mills that had become unsuited to the great economies of scale of the commodity grades but were ideally suited to the much smaller markets of specialty grades. In recent years, they have expanded into industrial and consumer commodity grades, but only in those lines where value-added is highest. The company now produces papers used in industrial items like sandpaper backing and automotive filters and consumer items like paper towels, sanitary tissues and paper cups. "We have no desire," says Halsey, "to become a cross section of the paper industry." The widely diversified giants that owned these small mills could have switched them over to specialty grades, too, of course, but either didn't find it worth their while to bother or were deterred by the need for a very specialized sales force.

So Halsey and Williams have been able to buy assets quite cheaply. Halsey says he usually pays book value or less and generally pays with combinations of James River stock (which trades at better than twice book) and cash borrowed against the acquired assets. In this sense, Halsey and Williams are leveraged buyout artists working from behind a corporate facade.

Once they buy an asset, Halsey and Williams use its cash flow to repay debt, improve productivity by modernizing plant and equipment and upgrade product lines. It works: James River's average selling price last year was $1,600 a ton, vs. the industry average of $500 to $600 a ton.

How long can James River keep buying ever larger ever more frequently? In 1980 it bought Gulf & Western's $500 million (sales) Brown Co. for its big pulp mill in New Hampshire. In 1982 it paid $450 million for American Can's $1.1 billion (sales) Dixie-Northern operations, makers of the Dixie cup; Dixie-Northern gave James River another large pulp mill in Alabama. Last year the duo paid Sir James Goldsmith $170 million for Diamond International's pulp and paper assets. The American Can and Diamond International acquisitions added around $1.3 billion in consumer paper products to balance out the industrial side.

Now that is the corporate fast track. But Halsey says he can keep it up. He promises to compound James River profits at a minimum 15% annually, after inflation, for the next five years. To do so James River is spending $1 billion during 1983-87, all internally generated. Around $350 million will go for basic upkeep. The other $650 million is earmarked for plant refurbishment and expansion. This, says Williams, will double James River's operating margin, from 3% in early 1983 to 6% by 1987, and by 1987 will triple the company's profits.

Says Williams of the implied 24.5% annual earnings growth rate: "We think that's very conservative."

Well, it is a $40 billion industry, so there's still lots of room to maneuver.—L.M.

The recovery is under way in the chemical industry. Now if producers can just keep those expansion plans on the shelf.

Chemicals

By Thomas Jaffe

THE PRICE RISES were beginning to stick in the chemical industry last year: in ammonia fertilizers, as high as $160 a ton, vs. $115 last summer; in polyester fibers, from 75 cents a pound to 82 cents during the same period; and in plastics, like low-density polyethylene and polypropylene, up more than 20% during 1983. But talk to chief executives and they sound a warning note at once. "Volume is improving, but from a very low point," says Paul Oreffice, chief executive officer of $10.6 billion (sales) Dow Chemical Co., which sank sharply in the latest 12 months on Forbes' industry Yardsticks because of slumps in such commodities as caustic soda and ethylene glycol and a sharp swing into the red by its Dowell oil production services. "At the end of 1982 we were operating at 65% of capacity. Now we're at 75%. That's not lousy, it's just bad. We'd like to be in the 80%s, so there's still a ways to go." Not until 1985, in Oreffice's opinion, can Dow hope to get back to peak 1980 levels.

The caution is commendable. Here is an industry with a tendency to get carried away in good times and to overexpand, with dire results, when demand turns down. Under pressure from the recession, the industry has been shedding a lot of the fat. Consider $9.1 billion (sales) Union Carbide Corp., just as badly hurt as Dow on the Profitability Yardsticks and only now beginning to recover after eight successive quarters of down earnings. Since 1978 Carbide has unloaded over $1 billion of assets, and is still at it. Recently the company wrote off $140 million, including a polyethylene operation in Texas and olefin and derivative facilities on the Gulf Coast.

Nevertheless, significant pockets of overcapacity still exist. Since 1980 a spate of plant openings in western

Chemicals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
W R Grace	1	15.0%	7.1%	0.5	3	10.4%	5.5%	2.6%	6	9.7%	5	6.4%
Rohm & Haas	2	14.6	16.5	0.3	2	11.2	12.8	7.3	5	10.0	1	22.0
Dow Chemical	3	13.5	4.9	0.6	8	8.9	4.9	2.3	4	13.1	13	–1.6
E I du Pont	4	13.5	9.2	0.5	1	11.5	7.4	2.8	1	22.5	3	8.3
Diamond Shamrock	5	12.9	7.4	0.5	9	8.8	5.7	3.2	3	18.7	16	–6.1
Hercules	6	12.8	11.4	0.4	4	10.3	10.2	5.7	8	9.0	2	9.4
FMC	7	12.8	12.1	0.3	5	9.3	8.6	4.6	13	7.9	4	7.1
Stauffer Chemical	8	12.2	def	0.3	6	9.0	0.5	def	14	7.6	10	–0.6
Allied Corp	9	11.6	9.0	0.2	10	8.2	7.4	3.7	2	18.8	6	4.4
American Cyanamid	10	11.5	9.7	0.3	7	8.9	7.9	4.3	7	9.4	7	1.8
Union Carbide	11	11.1	4.3	0.4	12	8.1	3.8	2.5	12	8.0	8	0.9
Monsanto	12	10.4	9.2	0.3	13	7.5	6.8	5.4	9	8.9	12	–1.3
National Distillers	13	9.8	4.4	0.2	11	8.1	4.5	2.3	15	6.3	14	–2.4
Pennwalt	14	9.0	6.2	0.4	14	7.1	6.0	2.8	17	6.1	15	–2.8
Celanese	15	8.2	3.1	0.6	16	6.3	3.2	1.2	10	8.6	9	–0.6
Olin	16	8.2	6.9	0.3	15	6.5	5.7	3.0	16	6.1	11	–0.9
Reichhold Chemicals	17	6.3	8.4	0.3	17	5.2	6.1	2.3	11	8.0	17	–7.7
Medians		11.6	7.4	0.3		8.8	6.0	2.8		8.9		–0.6

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

Canada has helped increase North American methanol capacity 56%, to 2.5 billion gallons. Demand is only 60% of that. Since these Canadian operations run on cheap natural gas, they are a major threat to higher-cost U.S. producers like Celanese, which has Canadian capacity of its own.

Another overbuilt market is that of ethylene glycol, used mainly in antifreeze and polyester fiber. For instance, Union Carbide has a 520-million-pound-capacity plant scheduled to open this year in Alberta. Additions like this will boost capacity to around 7 billion pounds; current demand is only 4.8 billion.

In worse shape is the $650 million soda ash business. In 1980-81 soda ash, used in glass and phosphate refining, was enormously profitable for producers like Stauffer Chemical and FMC. As a result, by 1983 producers expanded capacity nearly 30%—from 9.2 million tons to 11.8 million. The chief player was Tenneco, accounting for 1 million tons of the rise.

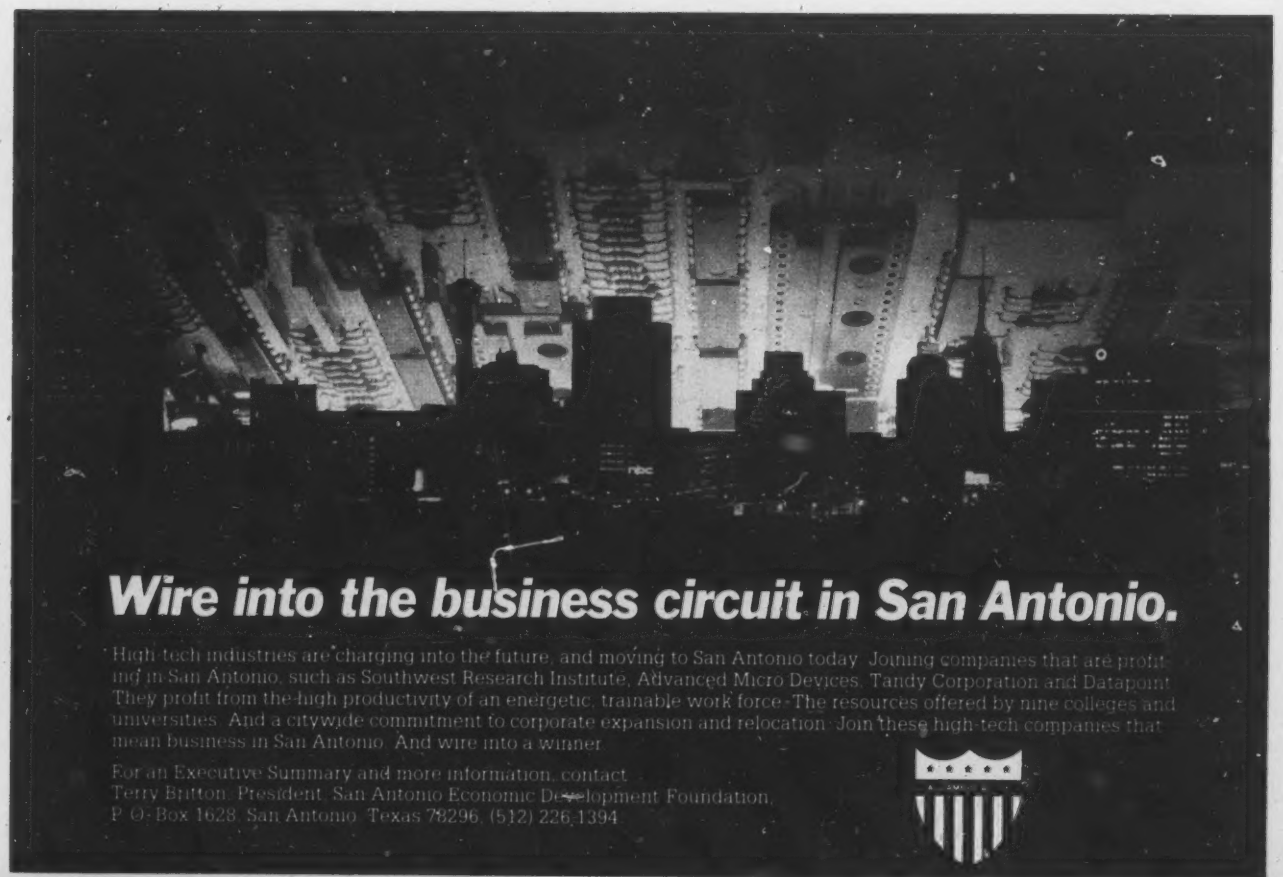
Trouble is, the long-term growth rate of soda ash is a meager 2%. The domestic market simply has been unable to absorb the new tonnage, and foreign markets have grown more slowly than expected. So list prices, which peaked at $92 a ton in July 1981, are now running in the low $80s, and cutthroat competition has even driven actual prices below $70.

Finally, there is chlorine. Although demand is up, the business still isn't operating at much more than a 70% rate. But an estimated 5% of capacity is permanently shut, and this figure ought to double by the end of 1984. Chlorine producers are faced with a real dilemma, though. Because they have already retrenched, greater volume for some products has led to spot tightness and higher prices. "The danger is that once there is the slightest positive news, companies will be tempted to reopen a bunch of plants that should never be started again," notes Dow Chief Executive Oreffice, who says he's still wary of reopening 20% of Dow's own capacity now shut.

Meanwhile, most of the Yardstick companies have been redeploying assets, striving mainly to concentrate their bets in the safer and generally more lucrative specialty chemicals. One of the more enthusiastic proponents of redeployment has been $2.5 billion (sales) Hercules Inc., which along with equally acquisitive Rohm & Haas has held up well in the latest 12 months' profitability rankings. Over the past five years Hercules has wiped off its balance sheet half its 1978 assets of $1.6 billion, consisting mainly of commodity petrochemicals, including $450 million spun off into a polypropylene resins joint venture with Italy's Montedison. In their place are more than $1 billion of new assets (not including the acquisition of Simmonds Precision Products, in electrical components), more than double the amount in water-solubles, aerospace and explosives, and a substantial increase in organics.

"This is one hell of a lot different company than it used to be," says Hercules CEO Alexander Giacco. "What we've done is to strip the oldies down to their bare essentials and then put money behind them."

Hercules is now running at 70% of capacity, which is a bit below average for the Yardsticks chemical companies, and Giacco expects that to approach 80% in 1984. For Hercules, however, that's much higher-margined capacity than it used to be. "We've gone with our winners, value-added products. We've got rid of a pound of basic plastics and replaced it with a pound of water-soluble polymers. In fibers we've got out of polyester intermediates, but stayed in diaper covers and health care disposables."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Despite cutbacks on capacity, there is increased spending on research and development, partly spurred by advances in genetic engineering, the desire to diversify into neighboring scientific fields and growing competitive pressure. At $6.3 billion (sales) Monsanto Co., which drastically cut back its research efforts a decade ago, a full one-third of the $300 million R&D budget now goes into pure discovery, much of that in the field of genetic engineering. The same focusing of research effort is occurring among European chemical giants.

Union Carbide and Shell Oil's chemical division recently announced the development of a new manufacturing process that could cut production costs for polypropylene by one-third and capital costs by about the same. Carbide estimates the price of its new plant, with up to 200 million pounds of capacity, will be $40 million to $45 million.

Breakthroughs like that can open up new markets. Example: Dow used to sell styrofoam only in major markets—the U.S., Japan and Western Europe—because it didn't think it was economical to produce except in a monster plant. Now it has entered smaller markets because it has found out how to get the same economies from plants only one-fifth to one-third the size.

One approach to new products and processes is to take the acquisition route. Few companies in this industry have done that with greater success than $1.6 billion (sales) Air Products & Chemicals, consistently a profit leader in industrial gases in competition with the Linde division of Carbide and British Oxygen (which bought Airco in 1978).

"Over the last 30 years we've had around 120 'special ventures'—either acquisitions, joint ventures or technologies bought and then developed in-house," says Edward Donley, Air Products & Chemicals chairman. "We've managed to stay a specialty company instead of becoming a conglomerate throughout all this because everything has been so closely related. We're not interested in an acquisition candidate unless we already mastered internally two-thirds of its technical and sales knowhow."

If Air Products' profitability in the latest 12 months looks merely average for the industry, the future looks bright. Holding long-term debt to about 35% of total capital, Donley expects to be able to finance capital spending of an average of $400 million a year for the next five years mostly through internal cash flow, modestly increase dividends at the same time, and still have about $1 billion that isn't earmarked. "That," says he, "is the sound of growth."

"When I hear something like this," says Oreffice, "I can understand why many companies want to go clean out of basic chemicals and plastics. But don t overlook the fact that as long as you stay strong technologically and pump money into manufacturing processes, there is plenty of growth potential still available in these products. And you don't need to build more monster plants to get it."

Dow has certainly proved that it is possible to make good money in commodity chemicals—and that the Air Products road isn't the only road. It s not what you do that counts but how you do it. ■

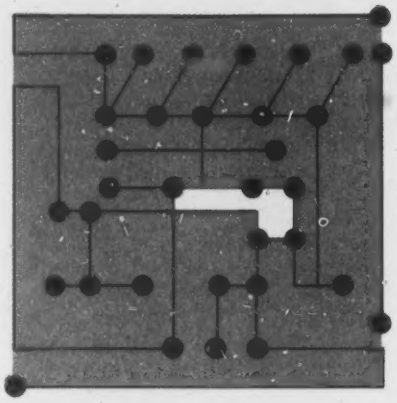
Chemicals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialized												
Freeport-McMoran	1	24.3%	12.4%	0.5	4	16.7%	6.7%	11.8%	3	19.1%	3	21.5%
Nalco Chemical	2	23.5	18.4	0.1	1	22.9	17.8	9.6	11	10.7	8	11.9
Cabot	3	21.3	9.9	0.3	6	14.0	7.5	4.1	1	23.3	1	29.3
Morton Thiokol	4	20.6	16.3	0.2	5	15.6	15.7	5.2	8	12.4	2	26.9
Lubrizol	5	20.6	12.6	0.0	2	19.0	11.8	7.4	9	11.9	13	7.6
National Svc Inds	6	20.1	18.6	0.0	3	17.7	16.8	5.9	12	10.5	5	16.5
Vulcan Materials	7	18.6	10.2	0.2	7	13.6	8.0	5.9	15	9.7	11	10.8
Dexter	8	17.6	16.3	0.3	9	12.7	11.6	5.1	4	17.2	10	10.8
Big Three Industries	9	17.2	8.4	0.3	8	13.2	7.0	7.6	2	19.3	6	14.5
Air Prods & Chems	10	16.8	11.5	0.5	15	10.1	7.6	6.7	7	12.8	7	12.4
Sun Chemical	11	15.8	9.4	0.9	11	10.7	7.1	2.2	6	13.6	4	17.2
Witco Chemical	12	15.6	15.0	0.4	10	10.8	9.9	3.4	5	14.9	12	8.7
Intl Minerals & Chem	13	15.1	8.4	0.4	12	10.5	6.5	5.8	19	6.4	17	1.0
Ethyl	14	14.3	12.5	0.4	14	10.2	8.7	5.9	17	7.5	14	4.4
PPG Industries	15	13.9	12.1	0.3	13	10.4	8.9	5.8	16	8.1	9	10.8
Liquid Air	16	11.7	8.3	0.4	17	9.1	6.1	5.3	10	10.7	18	–0.1
Ferro	17	11.2	8.5	0.4	16	9.9	7.1	2.5	13	10.4	16	1.3
SCM	18	9.2	3.0	0.5	18	7.2	3.4	0.9	20	6.3	15	3.8
Williams Cos	19	9.1	2.4	0.5	19	5.8	2.5	1.6	14	10.1	19	–2.0
Gulf Resources & Chem	20	def	11.8	2.2	20	2.0	7.3	3.0	18	7.4	20	P–D
GAF	21	def	def	0.9	21	def	3.2	0.1	21	–5.0	20	P–D
Medians		15.8	11.5	0.4		10.7	7.5	5.3		10.7		10.8
Industry medians		13.2	9.2	0.4		10.0	7.1	3.9		9.9		4.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D profit to deficit. def: deficit.

In this business, everybody has two competitive worries: the other companies and Japan.



Electronics

By Kathleen K. Wiegner

AFTER TWO YEARS of bad times the recession has ended in the electronics industry. For nearly all companies, however, the 12-month figures in the accompanying Yardsticks still look gloomy. That's because the upturn is recent and the effects of hard times linger in our numbers. The improvement doesn't show in the 1983 Yardsticks, but it will in 1984.

Look, for example, at Intel. Its earnings were a shadow of former highs through the March quarter, but then things suddenly took off. Profits almost doubled in the June period, and then came one of the best-ever Septembers. "This is the strongest recovery I have ever seen," says Chairman Gordon Moore. "There are so many products people want to move into production, but the rate of systems growth will be limited by the availability of components." His company, for example, is having trouble meeting delivery schedules, especially for its popular microprocessors.

Strong demand for semiconductors

Electronics

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
EG&G	1	29.6%	25.3%	0.1	1	26.4%	23.3%	5.2%	8	20.0%	2	25.0%
AMP	2	23.9	20.1	0.1	3	20.9	17.8	10.3	11	16.2	8	17.3
Raytheon	3	23.0	17.4	0.0	2	22.0	17.0	5.2	13	15.1	6	17.8
Hewlett-Packard	4	19.8	18.0	0.0	4	18.9	16.9	9.2	5	24.3	4	22.2
General Instrument	5	19.6	12.1	0.1	6	17.1	11.2	8.0	14	13.6	1	30.1
M/A-Com	6	18.2	9.3	0.4	5	17.4	7.8	4.7	1	46.0	3	24.6
Intel	7	17.8	12.0	0.3	7	16.8	10.0	7.5	2	29.1	11	14.2
Avnet	8	17.7	11.1	0.0	8	16.5	11.0	4.6	17	12.9	13	11.3
Harris Corp	9	17.6	9.0	0.3	12	12.7	6.7	3.9	9	18.3	7	17.6
Perkin-Elmer	10	17.4	9.5	0.1	9	15.2	9.0	4.7	6	20.8	5	18.2
TRW	11	17.4	12.2	0.2	14	11.5	8.6	3.5	21	10.9	17	7.7
Tektronix	12	16.6	7.8	0.2	10	14.4	6.9	4.2	7	20.8	10	14.7
Motorola	13	14.9	11.9	0.2	11	13.5	10.9	5.0	12	15.5	12	12.7
Natl Semiconductor	14	14.5	def	0.4	13	11.5	0.2	def	3	25.8	18	6.4
GTE	15	14.3	15.6	0.9	24	7.5	7.8	7.4	22	9.8	20	5.1
Honeywell	16	14.3	10.6	0.3	15	11.2	8.4	4.0	19	12.4	9	15.5
North Amer Philips	17	13.2	11.2	0.3	19	9.2	7.8	2.5	18	12.5	15	9.3
American District	18	13.0	13.7	0.1	18	9.3	9.4	5.8	16	13.4	16	8.6
American Tel & Tel*	19	12.3	10.2	0.5	25	7.4	6.5	9.7	20	11.7	20	5.1
Corning Glass Works	20	11.5	9.7	0.4	17	9.9	7.3	6.2	24	7.4	19	5.7
Intl Tel & Tel	21	10.9	10.1	0.5	20	8.9	8.5	4.2	25	5.9	22	3.3
Gould	22	10.8	8.2	0.4	21	8.7	7.1	5.3	23	8.0	24	–4.6
Texas Instruments	23	10.1	def	0.2	16	10.5	def	def	10	17.1	23	–2.1
Varian Associates	24	8.6	15.2	0.3	23	7.7	12.9	5.9	15	13.5	14	9.7
Oak Industries	25	3.6	def	0.9	22	8.5	def	def	4	24.4	25	P–D
Industry medians		**14.9**	**11.1**	**0.3**		**11.5**	**8.5**	**5.0**		**15.1**		**11.3**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
*Data are on predivestiture basis. P–D: profit to deficit. def: deficit.

helped Motorola post gains of 92% in the third quarter, while National Semiconductor had its first profitable quarter since 1982. "I've never seen a market as strong as this," says President Charles Sporck, echoing Moore. "I can't explain it exactly. It seems to be more than just a better economy."

At Massachusetts-based EG&G, they know what Sporck is talking about: The company has done better than the economy for years and tops the Forbes Profitability roster for its industry. The firm's mix of manufacturing specialized instruments and components and providing government support contracts (it is prime contractor to the Department of Energy) leaves it uniquely positioned.

EG&G couldn't beat its five-year return on equity average last year, but that was no disgrace: its ROE was 25.3%. Only 3 of the 25 firms on our list managed to top their five-year profitability figures. The growing demand for alarm systems helped American District Telegraph, though higher installation costs and heavy capital spending should hurt profits next year. GTE benefited from growing sales of its telecommunications products and a $60 million tax settlement. Varian Associates, meanwhile, is recovering impressively from a 1981 deficit.

W.J. (Jerry) Sanders, the outspoken president of Advanced Micro Devices, thinks the recovery is being led by the information revolution. "During the recession," he explains, "people were designing products in anticipation of a recovery." Fortunately, nearly all those new product designs, from small computers to telephone gear, mean more orders for component manufacturers.

Consider AMP, the leading producer of power connectors and the industry's second-best company in terms of long-term profitability. Its products are used in a wide range of markets, from military and aerospace to communications. But each IBM PC also contains around $40 worth of AMP parts. That translated into around $40 million in sales for the $1.2 billion company in 1983. When the PCjr begins shipping this year, it could add another $15 million to AMP's sales.

The good times, of course, haven't hit everyone—and cable television is a common link among many firms that are still suffering. The fall in demand for cable-related equipment, for example, has hurt General Instrument badly. M/A-Com is also suffering because margins on its coaxial cable business are shrinking. Cable operators are shifting away from trunk capacity to less expensive drop lines. Then there is Oak Industries. Its cable equipment business is off, and the company has set up loss reserves of over $70 million related to its departure from subscription television in Phoenix and Dallas as well as inventory writedowns.

Tektronics is hurting badly, but for different reasons. It is the leading manufacturer of oscilloscopes, and sales have been flat for the past two years. Profits fell from over $80 million in 1981 to less than $50 million in the fiscal year ending in May. Now the company has cut its work force by 9% and hopes that expanded R&D spending will add excitement to its product line.

A few microchip producers are having problems, too. At Gould, profits from continuing operations fell 6% in the third quarter as a result of lower semiconductor margins and product delays of new lines of test and measurement equipment. At Honeywell, semiconductor losses are also depressing margins.

Intel's wafer fabrication line
Making chips gets more costly.

But for most component makers, by contrast, the upturn came so quickly that they are straining to keep up. The recession was a curious one: Unit shipments rose while prices fell through the floor—off by 70% on some parts. Now prices are firming, but new orders are hard to fill. "We can barely satisfy our existing customers, let alone prospective ones," says AMD's Sanders.

The book-to-bill ratio is the industry's favorite index of health. When this number exceeds one, it means new orders are outpacing billings. A figure of 1.5 is considered ideal. In October this index stood at 1.56, which means that lots of parts are in short supply—everything from Intel's and Motorola's microprocessors to ordinary logic circuits from Texas Instruments.

In 1984 U.S. and European chipmakers expect to enjoy 24% sales dollar growth rates unless the recovery stalls. But this recovery won't be just like the last one. There have been structural changes in the electronics business that do not signal a simple replay of the boom that followed the bust of the mid-Seventies.

Take markets. In the past, mainframe and minicomputer companies were key factors in any industry turnaround. Now the principal buyers are manufacturers of personal computers, communications equipment and word processors. The auto industry is also a major customer. Ford, for example, estimates that it now uses over $300 worth of electronic gear in every car, not including the radio, vs. $25 in 1970. Fortunately, this broadens the industry's base, both in terms of companies and markets.

Despite the change, not every part is in short supply. Garden variety read-only memories (ROMs), for example, are readily available. They are a key component of video games, a business that has gone bust in recent months. Texas Instruments' exit from the home-computer business also contributed to the glut of ROMs. It is throwing units on the market that were originally intended for its PCs.

Even as the recession hit bottom in the summer of 1982, several dozen new semiconductor companies were springing up, backed by hefty amounts of venture capital, to exploit one or two devices or a particular process technology. A handful, among them LSI Logic, VLSI Technology and SEEQ Technology, have already gone public. While still too small to show up on the Forbes Yardsticks, they point the way to technologies that will be important over the next several years.

Two-year-old Linear Technology, for example, was formed by a group of engineers who left National Semiconductor. It makes analog circuits, which translate analog information (like sound or heat) into on-off digital impulses. Analog circuits are expected to enjoy a 30% growth over 1984. It is no surprise that National Semiconductor is still a big player in that business.

LSI Logic, on the other hand, makes gate arrays. These permit customers to customize standard chip designs. Much of the startup activity stems from this custom or semicustom business. Monolithic Memories has been making a programmable array logic (PAL) chip for some time. But now it has competition from Advanced Micro Devices and National. SEEQ was one of the first with a memory chip called an EEPROM,

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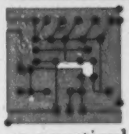


which can be reprogrammed while still in the computer. Many companies, including Japanese firms, see this as a particularly promising product.

When the last recession ended, the Japanese were not significant participants in the U.S. microchip market. That changed, however, when domestic companies ran short of capacity. The Japanese graciously helped fill the gap with 16,000-bit and then the 64,000-bit random access memories. Having destroyed profits and market share for U.S. companies, the Japanese will be back with the new 256,000-bit RAM.

For the moment, the Japanese chipmakers are having troubles supplying

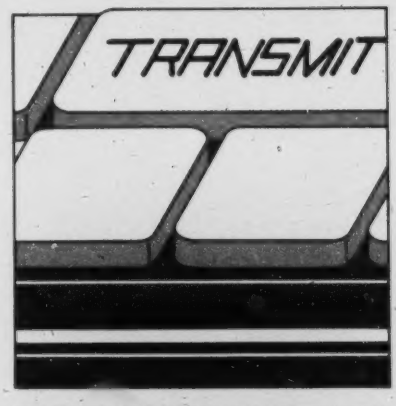
There have been structural changes in the electronics business that do not signal a simple replay of the boom that followed the bust of the mid-Seventies.

demand at home. That may end this year as the new capacity they continued to build during the recession comes on. Then the battle with U.S. firms will be joined again. Quality, once a selling point for the Japanese, is no longer the big issue. U.S. makers have got their own quality up. But price is another matter. As soon as the Japanese have the parts to sell, they could once again penalize profit margins of U.S. competitors by undercutting them.

Will components makers enjoy the same successes they did after the last recession? At Intel, for example, ROE rose in 1979, to 30% on no debt. Net profit margins were 11.7%.

No one knows if such profitability is attainable again. Aside from the Japanese challenge, the cost of making chips has risen enormously. National Semiconductor's new Texas wafer fabrication facility represents a $100 million investment. After a history of no debt, Intel now has long-term debt of $97.4 million, 6% of total capital. If companies do not earn money to finance these higher operating costs, look for more help from outsiders. Over the past two years, for example, IBM purchased a 12% interest in Intel for some $250 million. Such cross-fertilization of money and talent are old hat in Japan. As the U.S. strives to keep ahead of the ambitious Nipponese, we can expect more such here. ■

IBM is crowding everyone these days, but the game isn't over yet. Not by a long shot.



Computers

By Kathleen K. Wiegner

IBM WAS ON THE MOVE with a vengeance in 1983 in a push to blanket every corner of the computer industry. In November it finally unshelled its "Peanut," renamed PCjr, but decided not to begin shipping until after Christmas—an invitation to the public to put off buying the personal computer until they could see an IBM machine. That was a body blow to competitors in the home computer market, who get as much as 40% of their sales at Christmas. At the same time IBM strengthened its hand in midrange systems with the 4361, which competes with superminicomputers for scientific applications. While in office computers it served notice on Wang, Apple and the terminal makers by giving its hot-selling PC the capability of communicating with IBM 370 mainframes.

Among the top companies on the computer Yardsticks, only IBM managed to improve its five-year return on equity. For many others in the industry things weren't so pleasant. Texas Instruments lost $513 million in home computers before calling it quits. Warner Communications' troubled Atari division was beginning to look like the next victim in that market. Digital Equipment Corp. was hit with an earnings decline of 72% in its first quarter (ended Oct. 1), as price-cutting savaged the minicomputer business and lack of software held back sales of its personal computers. DEC also had heavy research spending. Osborne Computer filed for Chapter 11, and a number of startups went on the critical list—among them, Fortune Systems, Vector Graphic and Victor Technologies.

There were some bright spots, however. TI's defeat was good news for Commodore, now about the only profitable company left in the low-end, mass-merchandise home computer market. Data General, after almost three years of declines and a crash research effort, saw its earnings move up on the strength of its competitively priced Eclipse superminis. Tandy's Radio Shack computer operation strengthened its hand with what may have been the niftiest product of the year—the portable Model 100 (made for Tandy by Japan's Kyocera Corp.), which was becoming as much a part of a traveling journalist's gear as the trenchcoat.

IBM PCs roll off the assembly line ***Volume means lower cost.***

How to survive in an environment where IBM obviously wants to commandeer once-safe markets? That was Topic A for everyone except for IBM. In personal computers Apple charged ahead preparing for the introduction of its much-touted Macintosh computer this month and pushed its mainstay Apple IIe at customers who wanted something under the tree besides a gift certificate.

For the microcomputer makers the problem is software. Since the IBM PC already has an estimated 26% of the personal computer market, it has become the machine of choice for independent software writers who make money only by writing for popular machines. Apple once had that loyalty, and being able to offer the machine with the most programs contributed mightily to its past success. Now the software world belongs more and more to IBM.

One solution is a computer that can use a lot of the same software as the IBM machine. A number of startups took that route: Compaq, Columbia Data Products, Eagle Computer—or the "IBM Clones," as they are called. Using the same Intel 8088 microprocessor and MS/DOS operating system as IBM, these machines run most of the IBM software, as is.

Cloning looked like a good idea to ITT, which, in a better-late-than-never move, entered the personal computer fray in November. Its entry, the Xtra, is a virtual knockoff of the IBM PCXT (the super PC). ITT may find a market in Europe, where it has a strong presence. But in the U.S. the clones undersell IBM by up to 25%. ITT's Xtra is only 5% cheaper. That may not be enough of a discount to buy ITT a slice of the U.S. market.

Right now there is more demand than supply for the IBM computer. That excess demand is being filled by Compaqs and Eagles. But what happens when supply catches up? "The problem is not easy to solve," muses George Morrow, founder and president of Morrow Inc. "You have to have 25% to 50% better performance than the IBM PC, at least a 15% to 50% better price. Any closer, and why buy anything but IBM?"

"How do you make a profit if IBM gets the biggest share and the lowest cost?" asks Data General Senior Vice President Robert C. Miller, who worked at IBM for 15 years. "Say it takes a half-hour assembly labor for a personal computer. The rest of the cost is buying components and subassemblies. Then it becomes a question of who can buy parts the cheapest." The big-volume buyer, of course. The

big-volume buyer really has it made when he cannot only buy cheaper, but can sell dearer as well. That's where IBM is sitting.

Being what it is, IBM also gets the goods when components are in short supply. Ask Victor Technologies. Victor was riding high until 1983. Shipments were expected to hit 80,000 by year-end. Then Victor couldn't get all the disk drives it needed from Tandon Corp. (which also happens to be a big drive supplier to IBM). Shipments were delayed. Setting up a sales force to compete with IBM also cost the company dearly. Result? Victor lost $11.1 million in its second quarter, ended June 30.

Instead of simply cloning IBM, Data General has taken a middle-of-the-road approach to dealing with the software problem. It provides its machines with a dual processor, which allows its users to run software written for Data General's machines and for IBM as well.

Users of Hewlett-Packard's HP 150 cannot run IBM software on their machines but are likely to get most of the same programs anyway. That's because the HP 150, introduced last October, uses the same operating system as the IBM PC. In practical terms that means it will be easy for software writers to produce for both machines at the same time—but will still give HP the possibility of having exclusive software and other exclusive features. "To be a clone limits you in making your own contribution," explains Cyril Yansouni, head of HP's personal computer group. "Price and availability are short-term advantages. I don't want to wake up every morning and worry about what IBM is doing."

Working within what the industry calls "the IBM environment" has become as much of a concern for microcomputer makers as it has always been for the minicomputer and mainframe companies. Companies like HP, DEC and Data General must protect their installed base from incursions by the IBM PC. Office products outfits like Wang must be sure that as offices begin to link their desktop products together, and each into their mainframes, IBM is accommodated. In October Wang began offering software that for the first time links Wang products to IBM machines.

The sheer momentum and size of IBM poses an additional problem for its traditional mainframe competition: Burroughs, Sperry, Honeywell. IBM's growth rate has returned to 15%—the industry rate—after almost a decade of lagging. IBM sales in 1983 were an estimated $40 billion, an increase of more than $5 billion for the second year in a row. That $5 billion almost equals the total size of a Sperry or a Honeywell. With that kind of volume disadvantage, how can they hope to compete when IBM has been pouring money into new plant and equipment (its highly automated factories for the PC are only one example) with the expressed aim of becoming the low-cost producer?

So competitors have begun to join forces to counter the IBM threat. Burroughs, for example, buys part of its office computer line from Convergent Technologies, a young company with a more efficient manufacturing base. DEC, Sperry and CII-Honeywell Bull are helping fund Gene Amdahl's Trilogy Inc., which will try to head off IBM's top-of-the-line mainframe code-named Sierra. Plug-compatible makers like Amdahl Corp. and National Semiconductor's National Advanced Systems (NAS) are relying more heavily on their Japanese partners (Amdahl with Fujitsu and NAS with Hitachi) to deliver timely, cost-effective answers to IBM. But IBM is making it tough. It recently sued NAS, Hitachi and several former employees of both IBM and NAS for $7.5 billion, charging its secrets had been stolen by Hitachi and NAS.

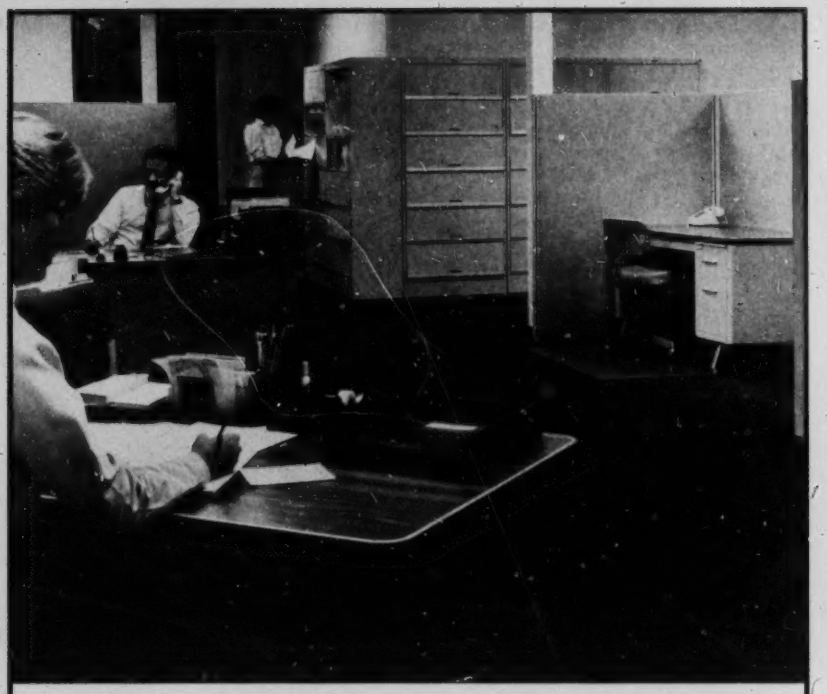
As for Apple, still first on the Forbes Profitability Yardsticks, much depends on the soon-to-be-introduced Macintosh. Mac, as it is fondly known around the company, will incorporate the advanced software found in Apple's high-end Lisa computer, but at a far lower price of around $2,000. Steven Jobs, Apple's cofounder and chairman, admits Apple made some mistakes with Lisa, which originally re-

Computers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Apple Computer	1	100.5%	28.4%	0.0	1	110.4%	28.2%	7.8%	1	122.3%‡‡	1	98.3%‡‡
Wang Laboratories	2	31.3	20.8	0.4	3	20.5	15.3	10.1	2	51.4	2	50.3
IBM	3	23.2	25.6	0.1	2	21.2	22.6	13.4	10	12.8	10	10.0
Storage Technology	4	20.8	0.6	0.6	6	15.3	2.8	0.3	3	39.6	4	22.8
Hewlett-Packard	5	19.8	18.0	0.0	4	18.9	16.9	9.2	7	24.3	5	22.2
Digital Equipment	6	15.7	7.1	0.0	7	14.2	7.0	5.5	5	30.2	6	21.2
Datapoint	7	15.5	4.0	0.4	5	17.1	4.3	2.4	4	36.8	7	17.6
NCR	8	14.6	13.5	0.2	8	12.9	12.3	7.3	14	7.9	9	10.4
Honeywell	9	14.3	10.6	0.3	10	11.2	8.4	4.0	12	12.4	8	15.5
Data General	10	13.5	4.9	0.3	9	12.0	5.2	2.8	6	29.1	11	8.8
Control Data	11	10.5	8.8	2.0	14	6.9	6.3	3.5	9	13.4	3	23.7
Sperry	12	10.3	6.1	0.3	11	8.4	5.4	2.9	13	8.4	12	2.0
Burroughs	13	8.0	9.0	0.4	13	7.3	7.2	4.5	11	12.4	13	–4.0
Amdahl	14	7.1	8.4	0.2	12	7.3	7.9	4.1	8	22.0‡	14	–14.1‡
Industry medians		15.1	8.9	0.3		13.6	7.6	4.3		23.2		16.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. ‡‡Three-year growth.



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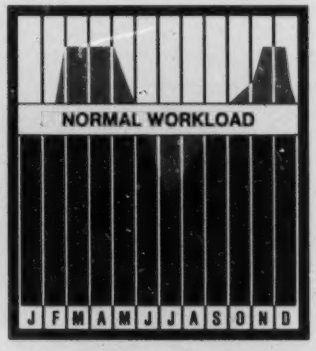

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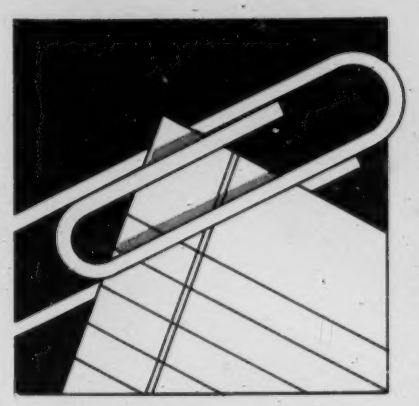
tailed for close to $10,000 when it was introduced. "We made Lisa too expensive for the personal computer market," admits Jobs. "And we were late with the software. Sales have not met our hopes." With Macintosh, Apple is trying for a technological end run. John Sculley, who was brought in from PepsiCo as Apple's chief executive, sees it this way: "If the technology is frozen, then IBM has the office market. But it is naive to presume technology is frozen. We believe we have the possibility with Macintosh of establishing a new milestone."

But times are getting tougher for the industry in other ways as well. Venture capitalists no longer flock to pour money into a new personal computer company. The stock market is betting once again on more established companies. In spite of the boom in sales, microcomputers lost an estimated $600 million early in 1983, largely in the home products. With Commodore the only other viable contender in the under-$1,000 market besides IBM, Japanese companies like Canon, Sharp and Sony will probably try again in 1984 to crack the low end of the American market.

But the combination of Commodore and IBM could be tough to buck even for the Japanese if PCjr is a success. Commodore's sales of home computers hit an estimated 1 million units in 1983. For its fiscal year ended in June, Commodore earned $88 million on sales of $681 million, while at the same time driving TI out of the business, the same TI that had the reputation of being the most "Japanese" of U.S. companies.

The all-important office can, of course, accommodate more than one vendor, so IBM's growing strength doesn't necessarily doom its competitors. But it makes life more difficult for them. It will be important for companies to offer some way for different machines to work together. Users will continue to want access to popular software, so there will be stronger alliances between hardware and software companies. Marketing will become increasingly important. All this plays into the hands of companies with strong capitalization, broad product offerings and large sales organizations. Among IBM's stronger competitors, Apple is strong on innovation, Commodore on price and Tandy on distribution. The others? At this point in the game there is at least as much danger to investors of being stuck with a loser as a winner. ■

Which of the old-line companies in office equipment and services did best last year? Not necessarily the ones you might expect.



Office equipment and services

By John A. Byrne

THE DEATH OF THE typewriter, it turns out, has been greatly exaggerated. Last year the office equipment industry sold an estimated $767 million worth of electronic typewriters. "And there's going to be a huge market in the future for them," says Jack Hiatt, director of business planning for AES Data Corp., whose Canadian parent boasts the third-largest installed base of word processors in the U.S. "In some cases it can do everything an office needs."

To be sure, the typewriter is changing. This year, sales of electronic typewriters are expected to surpass ordinary electric models like the Selectric for the first time, whereas only two years ago electrics were able to outsell electronic models 4-to-1. It's easy to see why. An Olympia electronic typewriter has some 3,000 fewer moving parts than an electric version. But the typewriter is still there.

What's the lesson? Simply that "the whole world doesn't change overnight," says Dean Scheff, chief executive of Minnesota-based CPT Corp., one of the leading makers of word processing equipment. "Change comes relatively slowly." Despite all the hoopla over the office of the future, many office managers aren't yet ready to pull thousands of dollars' worth of coaxial cable through their walls to set up state-of-the-art computerized systems.

There's more than a little irony in this for many of the old-line, traditional office equipment companies, manufacturers of such products as copiers and mailroom and dictation equipment. Many rushed to move into the "glamour" areas of word processing and office automation, fearful they would become dinosaurs. Predictably, most of their ventures have failed.

AM International, of course, is the classic case. It embraced electronic communications systems and word processors, only to roll up huge losses that led to its filing for Chapter 11 in 1982. But even much sounder companies have had their troubles. The only noncopier product in Xerox' lineup for automated office systems—started back in 1979—that can be called an unqualified success is its electronic typewriters. And A.B. Dick Co.'s office products division has made so little impact on the market that analysts think its parent, Britain's General Electric Co., should drop the ax. Pitney Bowes bowed out of the same business in October, taking a $22.5 million aftertax writeoff, after its word processing business lost $10.6 million on $34 million in sales in 1982.

Typewriters for sale
The whole world doesn't change overnight.

But is Pitney Bowes in danger because it failed in word processing and its stronghold in the mailroom equipment market is threatened by electronic mail and data transmission? Not necessarily. "We see mail growing as rapidly as any other part of our business," maintains Tom McGarry, a PB vice president. The company still maintains a dominant position in a $1.5 billion market for mail equipment with annual growth rates of 15%. "I remember that we were criticized a few years ago at an analysts' meeting for not getting into the hand calculator business," says McGarry. "I really don't know what we lost for not being there."

Indeed, all the while it was taking its flyer in the glamorous stuff, the company never lost faith in its basic businesses. Rather, it leveraged its strength in them to spur

continual growth. The financial services business it launched in 1977, mainly to support its traditional office equipment products, now accounts for almost a quarter of PB's earnings. It's no coincidence that the most profitable company on Forbes' office equipment rankings (Pitney Bowes is second) is Comdisco, Inc., an Illinois-based firm that arranges the leasing and finances the purchase of IBM computers. (The tables don't show companies like Apple, Wang, IBM and Digital Equipment, even though they may be the dominating companies in this industry today. See computer industry survey and rankings, beginning on p. 180.)

While Pitney Bowes is finding that the basics are serving it well, so is Canada-based $1.9 billion (sales) Moore Corp., the largest business forms producer in the world. You would think the future of any company producing paper and business forms might be less than rosy given the advent of the computer and the so-called paperless society. Judson W. Sinclair, Moore's chief executive, has discovered the opposite. He has happily found that the growth of small and large computers is increasing the dollar volume of orders for Moore's forms three times as fast as they are being eroded by competing new technologies. Why? "The automation of data doesn't do away with hard copy," says Sinclair. "Much of the data from computers was never available before. If the computers eliminate paper in one place, they seem to create more of it in another."

Meanwhile—just as with Pitney Bowes and A.B. Dick—success still eludes Moore Business Systems division, the company's most visible effort to move into the office of the future by selling information systems to small business. For five consecutive years since its start in 1978, the operation has been in the red.

And now, surprisingly, the word processor itself—the very invention that was to make paper and typewriters artifacts of the past—is threatened by personal computers. If you can buy a computer and do word processing on it, among numerous other functions, why bother with a word processor? John A. Murphy, vice president of Advanced Office Concepts, a consulting firm for office automation, notes that you can now buy an IBM PC and add a separate keyboard and quality word processing software package for at least $1,000 less than a basic word processing system.

This fact of life is forcing the word processing companies to build computer functions into their systems, so the distinction between the word processor and personal computer is increasingly blurred. Consider Lanier Business Products, a traditional office products company that, unlike most others, successfully diversified into word processing systems. Now, as a new subsidiary of Harris Corp., it finds it must make another crucial transition: into high-end office automation systems from the stand-alone word processing business.

Moral: Even a traditional office products company that has proved it can make the transition to high-tech products still isn't out of the woods. Sometimes it makes more sense to stick with what you know best and take your time about upgrading technology to meet the demands of the future. It doesn't get here overnight. ■

Office equipment and services

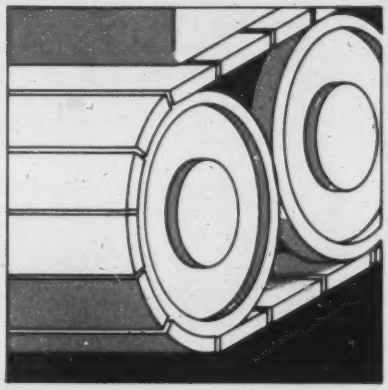
Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Office equipment												
Comdisco	1	40.8%	46.0%	0.7	1	23.0%	30.8%	9.5%	1	33.5%	1	49.9%
Pitney Bowes	2	17.8	14.3	0.2	4	12.8	9.8	5.1	3	19.4	2	12.2
Moore Corp	3	16.8	13.5	0.1	2	14.1	11.9	5.5	6	9.6	3	7.0
Xerox	4	15.3	10.0	0.2	3	13.6	10.1	5.3	4	12.1	4	6.2
Bell & Howell	5	5.1	19.2	0.4	6	4.7	14.5	5.1	7	6.0	5	1.2
Savin	6	3.5	def	2.1	5	11.3	def	def	2	30.1	6	–20.0
Nashua	7	1.0	def	0.7	7	3.0	def	def	5	10.3	7	–35.0
AM International	8	def	NE	NE	8	def	12.7	0.5	8	3.3	8	P–D
Medians		10.2	11.8	0.3		12.1	11.0	5.1		11.2		3.7
Office services												
Allegheny Beverage	1	29.0%	35.3%	3.8	6	14.0%	10.2%	2.1%	1	27.5%	1	23.9%
Electronic Data Systems	2	26.4	27.4	0.1	2	23.0	22.7	9.4	2	25.1	4	17.5
Kelly Services	3	24.5	18.3	0.0	1	24.6	18.2	3.2	5	19.9	2	18.5
Computer Sciences	4	23.4	11.0	0.4	5	14.7	9.1	2.2	4	19.9	5	14.8
Purolator	5	20.5	21.9	0.5	4	15.1	15.6	3.9	7	14.4	6	14.0
Auto Data Processing	6	20.3	16.8	0.1	3	16.7	14.0	8.5	3	23.2	3	18.2
Parker Pen	7	11.3	def	0.2	7	11.3	def	def	6	16.5	7	–1.5
Medians		23.4	18.3	0.2		15.1	14.0	3.2		19.9		17.5
Industry medians		17.8	14.3	0.2		14.0	11.9	3.9		19.4		12.2
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit. NE: negative equity.

The recession was almost the least of the problems in this troubled group of industries.

Construction, mining, rail equipment



By Barbara Rudolph

AFTER CLOSE TO 100 YEARS in the business, Harnischfeger decided several months ago to stop manufacturing cranes in the U.S. "We were banging our heads against the wall," says Harnischfeger President W.W. Goessel. Beginning in late 1985 Harnischfeger will be buying virtually all of its cranes from Japan's Kobe Steel, which currently owns 10% of Harnischfeger's stock.

Why did Harnischfeger, this proud old middle-western company, throw in the towel? What choice did it have? Only about $130 million worth of cranes were sold in the U.S. in 1983, as against about $700 million in 1981. Even when a pickup comes, a good guess is that by 1986 the total U.S. crane market will level off at only around $400 million. But that's not the worst of it: Into these shrinking markets the Japanese may be about to launch an invasion with their vaunted manufacturing efficiency and quality standards.

At the moment, there are virtually no Japanese cranes for sale in the U.S. market, but the prospect of the Japanese invasion probably helped persuade Harnischfeger to get out. The first onslaught is expected in the lower end of the market, telescoping or hydraulic cranes that lift less than 100 tons and account for about half the total market. "Sumitomo and Hitachi are coming, and when they do it will be a classic confrontation," says Robert Nassau, president of American Hoist & Derrick, which gets some 35% of its sales from cranes. With Harnischfeger no longer manufacturing in the U.S., Manitowoc, American Hoist, FMC and Grove are the only major U.S. manufacturers left. To prepare for the expected invasion, Ameri-

Construction, mining, rail equipment

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy equipment												
Joy Manufacturing	1	13.3%	0.6%	0.1	1	11.5%	1.0%	0.5%	1	8.7%	1	6.2%
Hyster	2	11.1	0.1	0.2	2	9.6	0.5	0.0	6	5.0	2	2.2
Caterpillar Tractor	3	6.5	def	0.7	3	6.6	def	def	2	6.1	4	–14.3
Bucyrus-Erie	4	5.9	def	0.4	4	5.8	def	def	3	5.6	3	–13.6
Clark Equipment	5	2.4	3.1	0.3	6	2.6	3.8	1.6	8	–1.2	5	–31.1
Amer Hoist & Derrick	6	1.6	def	0.6	5	2.7	def	def	5	5.2	6	–36.0
Harnischfeger	7	def	def	0.9	8	def	def	def	4	5.3	7	P–D
Pettibone	8	def	def	2.5	7	def	def	def	7	4.3	7	P–D
Medians		4.2	def	0.5		4.3	def	def		5.3		–22.7
Rail equipment												
Amsted Industries	1	13.1%	def	0.0	1	12.7%	def	def	4	6.5%	2	3.0%
GATX	2	10.4	4.3%	1.5	4	5.3	3.9%	2.5%	3	6.9	1	6.7
ACF Industries	3	9.8	0.2	0.7	3	6.2	2.4	def	5	5.8	3	–0.2
Ampco-Pittsburgh	4	7.9	def	1.2	2	9.8	1.7	def	2	22.8	4	–0.6
Tiger International	5	def	def	4.8	5	1.5	def	def	1	23.8	5	P–D
Medians		9.8	def	1.2		6.2	1.7	def		6.9		–0.2
Industry medians		6.5	def	0.7		5.8	def	def		5.8		–13.6
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

can Hoist says it will be bolstering its entire crane line. It recently developed a model that can lift up to 1,000 tons (the prior limit was 450 tons) for use in offshore drilling.

More important, American Hoist, like everyone else, has been aggressively cutting costs. Over the past year and a half, the company's employment fell from 7,200 to 3,700. Plant capacity is down by a third. Will that be enough? Never more than average in profitability, American Hoist plainly should be worried about its future.

In these heavy equipment markets, the derrickmakers are not alone in adversity. "We have to acknowledge that the good times of the late 1970s were the freaks. Normal times will probably be harsh times," says Joy Manufacturing President A.W. Calder *(see box, p. 192).*

Manufacturers of heavy equipment are getting used to adversity. "The good times of the late 1970s were the freaks. Normal times will be harsh times," says Joy Manufacturing President A.W. Calder.

Is it little wonder that well-managed Caterpillar took a long, messy strike to try holding down manufacturing costs? Cat has also put pressure on its suppliers to lower their prices. One longtime supplier, Wyman Gordon, already has lost "quite a lot of business," says a company spokesman. Most of it went to German and Japanese companies, including Sumitomo and Gerlach, though Wyman has had it for years.

Caterpillar remains the leader in earth-moving equipment—with a 35% share of the $17 billion worldwide market. But a series of setbacks, some more avoidable than others, has left the company weaker than it has been in many years. First there was the ill-timed and ill-advised acquisition of the solar turbine division of International Harvester in 1982. This cost the company $500 million and helped weaken its once strong balance sheet to the point where by 1983 debt was nearly 40% of capital. Then, in 1982, the trade sanctions Washington imposed against the Soviet Union in the wake of the Polish crisis meant that the company lost out on selling at least $500 million worth of equipment for the Soviet pipeline, analysts estimate. Finally, the recession was

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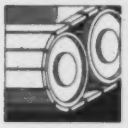


longer and deeper than the company had anticipated it would be.

But Cat's biggest threat comes from a company whose name does not appear among FORBES' list of competitors. That company is Komatsu, another Japanese manufacturer. Its share of the $6 billion U.S. earth-moving machinery market has jumped from 2% to about 5% over the past five years, as the company has broadened its line of earth-moving equipment. Komatsu's prices worldwide can be as much as 25% below Caterpillar's, thanks to the strength of the dollar, which can buy even more yen-denominated goods than it could last year.

Caterpillar is certainly a survivor: Chances are both Cat and Komatsu will gain market share at the expense of companies with less clout in the market like American Standard's Wabco or Dresser's International-Howe. One recent casualty: The Terex subsidiary of IBH Holdings filed for Chapter 11 in November.

Even without pressure from the Japanese, a similar shakeout is taking place in the railcar industry, the most depressed of all heavy machinery groups. Not since the Thirties has demand been so weak. Deliveries of railcars in 1983 might hit 5,700, down from the peak of 90,000 in 1979. With economic recovery, they might hit 10,000 in 1984, not much of an improvement in an industry operating at only 10% of capacity. Not until the late 1980s does the industry have a chance of seeing demand reach 50,000 railcars a year.

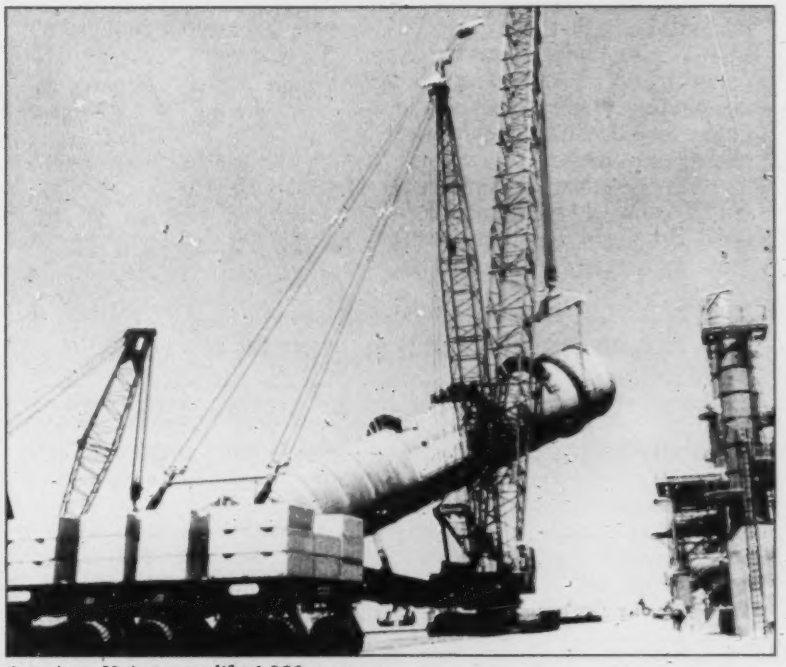
"A shakeout is coming, but everyone is saying, 'Please, God, not me,'" GATX executive James Goff told FORBES in 1982. This past year it turned out to include him, as GATX announced in October that it was closing, among other things, its railcar manufacturing group.

Elsewhere in the railcar equipment industry there have been several plant closings as well. Midland-Ross, for example, closed its Sharon, Pa. plant, eliminating one-third of the company's capacity to make railcar castings. Richmond Tank Car this past year filed for protection under Chapter 11 for its railcar leasing division. And there are undoubtedly many plants that are now "temporarily" shuttered which will never reopen.

Nor is all this just the shuttering of obsolescent capacity. There was widespread expansion in the late 1970s—partly because boxcars were popular tax shelters—so a lot of factories are new and have not been fully depreciated yet.

With so bleak a prognosis for the railcar group, why then is profitable little Trinity Industries (ranked in the specialty section of the industrial equipment industry on page 194) actually expanding its presence in the business? Why in October did the company agree to pay $15 million to buy the Pullman railcar plants, with a capacity of some 20,000 cars a year, and Pullman's proprietary railcar designs as well?

The answer is quite simple: labor costs. Trinity is no sweatshop operator, but with its nonunion plants Trinity is not handcuffed by restrictive union rules. Cast in that light, the industry's efforts to reduce its labor costs look less like union-busting and more like a desperate effort to preserve jobs. ■



American Hoist crane lifts 1,000 tons
Dead ahead, a "classic confrontation."

Riding out the storm

Will those order books for capital goods products ever fatten again? "Well," sighs Joy Manufacturing's chief executive A.W. (Bill) Calder, "it looks as though bookings have hit bottom. There is a twitter of a pickup here and there, but I sure am reluctant to call it a sustained recovery. Still, at least orders aren't dropping."

It's that kind of healthy skepticism—realism nearly always triumphing over optimism—that makes Joy, a manufacturer of mining and oil services equipment, one of the industry's leaders in profitability in the Forbes Yardsticks.

Joy's trademark has been its clean balance sheet. Today the company is sitting on about $200 million in cash and is shopping around for an acquisition. An acquisition, mind you, not a diversification. Says Calder: "We don't want to be yet another company that has gone into a new business only to have it turn into a disaster." So he's looking at acquisitions in compressors, mining, oil or air pollution control groups, his core businesses. He's also pruning. In the past year Calder has dumped his rotary drill division and certain compressor lines. As for that cash hoard, he's going to spend it carefully. He says, "We can take care of that $200 million real quick, but badly, and then it will be the next generations at Joy who will have to slave to get it back."—B.R.

The U.S. machine tool industry is finally seeing daylight. Will 1984 be the turnaround year?

Industrial equipment and services

By Jill Bettner

THE DEMAND OUGHT TO BE there. U.S. plant and equipment is among the oldest, on average, in the industrialized world, and has been for decades. For producers of industrial equipment, still languishing in the worst depression the industry has seen since the Thirties, the questions are when that demand will finally materialize and who will supply it. Last year all but four of the companies listed here had lower profitability than their historical averages, and median profitability declined by 53%.

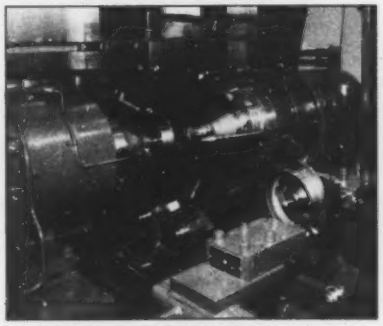
As 1983 drew to a close, machine tool orders were up significantly. But the increases were on such a small base of continuing business, and there had been so many false starts, that industry leaders were still wary. "We see enough light in the general industrial area to be optimistic," says Ingersoll-Rand CEO Thomas Holmes. "When you have been optimistic too long on one side, the tendency is to be pessimistic too long on the other side."

Certainly no one was predicting a rebound any time soon in farm equipment, heavy machinery for the depressed steel and oil services industries and mining. But they were heartened by the pickup in orders for transfer lines, numerically controlled milling machines and machining centers from auto producers and other consumer-related manufacturers.

Says automotive supplier Eagle-Picher CEO Thomas Petry: "Nineteen eighty-four will be a very strong year for us." Orders for numerically controlled machine tool components such as bearings and castings are up sharply, though Petry's backlog of heavy machinery, including orders for earth-movers and oil drilling equipment, is about the same as a year ago.

Now, nobody is forecasting a return to anything near the machine tool industry's record $5 billion order backlog before the bottom fell out of capital spending in 1981. After all, machine tool orders for all of 1983 were only $2 billion. But that was a 33% improvement over last year. "There are signs that demand for machine tools is getting healthier. The question is, where are they going to come from?" asks Jim Gray, president of the National Machine Tool Builders' Association.

Japan is the fear, of course. It continued to build up stockpiles of unsold tools, primarily numerically controlled machining centers and lathes, in U.S. warehouses, even as demand steadily declined. Domestic producers say those inventories still haven't been worked off, even at steep discounts. "They reduced prices to move product, but not very successfully," says Cross & Trecker CEO Richard Lindgren. Jim Geier, chief executive of Cincinnati Milacron, believes a large number of Japanese machines sold in the past two years have been returned unpaid for.



Orders for new machine tools are up ***Will Detroit lead a real recovery?***

Domestic producers say they are as hungry as the Japanese, however, and just as efficient. Not surprisingly, perhaps, those companies at the bottom of the Forbes Industry Yardsticks have been cutting costs most decisively. Typical is Rexnord, which cut its dividend 63% last year and which has cut costs by closing plants and selling off sidelines. "We've got our break-even point down to about two-thirds of what it used to be," says Robert Krikorian. He expects a 1984 increase of between 7% and 8% in shipments of Rexnord's power transmissions, specialty gears and fasteners. But things don't look as encouraging for its other two major businesses: process machinery for mining and materials handling equipment. "They will be pretty flat," he says.

Acme-Cleveland, which reported a $32 million loss for 1983, closed six plants and discontinued two small businesses in an effort to drive its break-even point down still further. One bright spot is that Acme-Cleveland's important automaker customers have placed some orders for manufacturing systems. "They're beginning to open up their purses," says Roy Kuhn, president of the newly formed Acme Technology Group.

Cross & Trecker's Lindgren thinks the worst is over for machine tools. "The industry has started to make its turn," he says. "The recovery is being driven partly by defense and aerospace as well as automotive. But the good news will have to get consistently better," Lindgren goes on. "Our order rate is up about 33%, but it's still running at about 50% of the prior peak." Nothing like Detroit's crash downsizing capital-spending program that put Cross & Trecker on top of the industry's Profitability Yardsticks is on the horizon. Currently, Lindgren is hoping that sales of sophisticated flexible manufacturing systems with multiple machining capabilities will get a boost from companies that re-

cently migrated to the Sunbelt to save on labor costs. "They can't get that 50% reduction in wage costs with trained machinists in those plants," he says.

Among industrial service concerns, where there has been far less downward pressure on earnings in the latest 12-month numbers, still-sagging prices for steel and other commodities like copper remain a problem. For Anixter Bros., whose major market is the telecommunications industry, "1983 was a trying year," says CEO Alan Anixter, who reported a 36% decline in earnings for 1983, to $10.3 million. "But orders are growing toward respectable levels," Anixter says. The breakup of AT&T should mean more business for Anixter, which has built three new warehouses for telephone-related equipment in the past year because of the divestiture. "We've spent a fortune preparing for it." Last June his company and Cincinnati Bell announced the formation of Anixter-Cincinnati. The partnership will offer a complete line of electrical and electronic wire and cable, plus cable TV and telecommunications supplies and equipment.

But for most of the industry the market still looks dead. "Major capital spending still hasn't started to boom," says John Lux, chief executive of Ametek, Inc., the $424 million manufacturer of process equipment, electric motors and other components for consumer products. Although a strong resurgence in consumer spending and judicious cost-cutting enabled Lux to keep Ametek at the very top of the industry's Profitability Yardsticks, he remains skeptical about the recovery. "A lot of what we're doing for customers now is just replenishing their inventories," he says. Indeed, Lux split Ametek's stock 2-for-1 last July and diversified out of the business in August by buying a small plastic packaging materials company.

These uncertain prospects are, of course, what would be expected in an industry that typically lags a recovery. If anything, the upturn in machine tools is ahead of schedule. It usually doesn't start cooking until capacity use hits 80% and manufacturers can no longer afford to put off buying new capital equipment. Capacity use currently stands at about

Help!

About 38% of the machine tools installed in U.S. factories in the first six months of 1983 were built overseas. James Gray, president of the National Machine Tool Builders' Association, which compiled those statistics, is pessimistic about the future. He believes imported machines could go over 50% in 1984 for the first time. "And then it will just snowball." Gray, of course, has an ax to grind. He wants import quotas.

The Commerce Department has until Mar. 14 to recommend whether President Reagan should accept or reject a petition by the NMTBA to set a mandatory limitation on imports to 17.5% of U.S. consumption for five years.

Not every tool manufacturer is whimpering to Uncle for help. Robert Krikorian, chief executive of Rexnord, for one, doesn't want quotas. "I don't think it's the way to go," he says. "I can see other industries that are also facing very severe competition and need a little respite. But this world of ours isn't going to improve by putting up walls between countries."

But those who do favor import restrictions like to wrap themselves in the American flag. "This is a far more critical issue to the country than it is to the machine tool industry," says Richard Lindgren, president of Cross & Trecker, which makes numerically controlled machinery.

"Philosophically, we are all free traders. But the Japanese balance of trade is anything but free and fair," says Eagle-Picher Industries CEO Thomas Petry. His company makes components for heavy machine tools.

Funny, isn't it? Nearly everyone is for free trade except when immediate interests are threatened.—J.B.

Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Production equipment												
Cross & Trecker	1	19.9%	1.7%	0.1	1	18.5%	1.9%	2.5%	2	12.7%	1	22.7%
Briggs & Stratton	2	17.5	8.9	0.0	2	16.9	8.3	4.1	5	11.1	5	5.3
Parker-Hannifin	3	15.4	7.9	0.3	3	12.8	6.9	3.4	1	16.5	4	6.8
Cincinnati Milacron	4	15.3	def	0.3	6	11.1	def	def	7	8.6	2	16.7
Harsco	5	13.3	7.1	0.3	5	11.2	6.4	3.2	6	9.9	6	3.3
Norton	6	13.2	4.9	0.3	4	11.3	5.0	2.4	4	11.7	3	7.0
Ingersoll-Rand	7	9.9	def	0.5	7	8.1	0.3	def	9	8.1	7	–2.7
Eagle-Picher Inds	8	9.5	5.5	0.3	8	8.0	5.2	2.4	11	5.7	8	–3.4
Midland-Ross	9	8.2	def	0.6	9	7.7	def	def	3	12.7	9	–4.6
Acme-Cleveland	10	5.9	def	0.3	10	5.0	def	def	8	8.4	10	–4.9
Chic Pneumatic Tool	11	def	def	0.7	11	3.0	def	def	10	7.4	11	P–D
Medians		13.2	1.7	0.3		11.1	1.9	2.4		9.9		3.3

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

79% and isn't expected to reach 80% until mid-1984. "We're getting there," says Cincinnati Milacron's Geier, "but we have to be awfully careful."

The warning is well taken. Machine tool producers nowadays must cope not only with shorter cycles in their notoriously cyclical business but also with more rapid innovation as well.

That's why the industry is littered with recent casualties. "A lot of them didn't mind their business," Geier says. "You have to keep modernizing, keep R&D up."

Jim Geier learned that lesson the hard way. Cincinnati Milacron used to own the U.S. turret-lathe market until it woke up in the Seventies to discover that the Japanese had walked off with a big chunk of it. Like countless smaller U.S. machine tool builders, Cincinnati Milacron was forced to take the high ground in more specialized, and usually more sophisticated, machinery.

Small wonder, then, that despite Cincinnati Milacron's net loss for 1983, Geier continued investing in experimental manufacturing systems, including machines for use with a wide variety of synthetic materials like graphite-based composites. "With the sophistication of these new machines, it's becoming more and more difficult to keep up spending," he says.

Geier should be happy he can still afford it. A lot of his competitors aren't so fortunate. ■

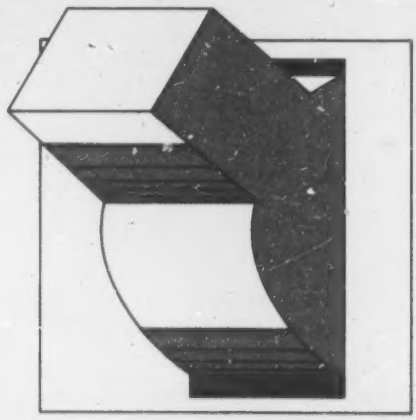
Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialty equip. materials												
Trinity Industries	1	23.8%	7.0%	0.4	1	18.8%	6.6%	3.2%	3	18.6%	3	17.5%
Foster Wheeler	2	21.3	14.2	0.1	2	18.7	13.4	3.3	22	7.4	1	17.7
Ametek	3	20.1	19.4	0.3	6	14.6	14.2	7.3	16	9.8	12	10.2
Combustion Eng	4	19.8	13.6	0.1	10	12.9	9.8	3.8	12	11.9	4	17.0
Sundstrand	5	19.4	9.3	0.2	9	13.6	7.7	5.0	17	9.7	7	13.5
Cooper Industries	6	18.1	3.7	0.2	4	16.6	4.3	3.1	1	29.1	10	12.0
Harris Corp	7	17.6	9.0	0.3	13	12.7	6.7	3.9	4	18.3	2	17.6
Illinois Tool Works	8	17.3	15.7	0.0	3	16.7	14.7	10.1	15	10.6	9	12.3
Gurn Industries	9	16.9	12.1	0.2	14	12.6	9.4	5.0	24	7.2	5	14.9
Tyler	10	16.3	9.7	1.2	11	12.8	8.4	1.8	6	16.8	18	5.0
Emhart	11	16.1	16.6	0.3	8	13.8	12.7	4.9	8	14.3	16	6.2
Tecumseh Products	12	16.0	13.7	0.0	5	15.9	13.3	6.5	26	5.7	15	7.3
Avery International	13	15.4	15.7	0.6	17	11.5	11.8	3.9	11	12.2	6	14.8
General Signal	14	15.0	10.3	0.1	7	14.1	9.6	5.5	5	16.8	8	12.5
Stanadyne	15	14.7	11.5	0.2	15	12.1	9.4	4.9	20	8.4	17	6.0
Dennison Mfg	16	14.5	13.2	0.3	12	12.7	11.4	4.4	13	11.6	14	7.4
Ex-Cell-O	17	13.9	11.6	0.1	16	11.9	10.0	5.1	7	16.2	11	10.3
Foxboro	18	11.4	3.1	0.1	18	10.6	3.2	1.9	14	10.6	19	4.5
Stewart & Stevenson	19	10.7	6.9	0.5	19	8.7	5.7	2.2	9	13.4	20	–1.4
McDermott Intl	20	8.6	7.4	0.3	25	6.3	6.0	3.0	2	20.0	25	–9.2
Rexnord	21	8.4	2.4	0.4	22	7.7	3.1	1.1	19	8.6	24	–7.6
Research-Cottrell	22	8.3	4.2	0.3	20	8.2	4.7	1.3	10	12.5	13	8.9
Stewart-Warner	23	8.0	2.2	0.0	21	7.9	2.2	1.5	30	2.3	21	–5.0
UMC Industries	24	7.9	2.1	0.7	24	6.9	3.2	0.7	21	7.9	23	–6.8
Timken	25	7.7	def	0.0	23	7.2	def	def	25	6.0	22	–5.1
Dayco	26	6.5	1.8	1.3	26	5.0	2.9	0.4	23	7.3	26	–10.3
Amerace	27	3.5	def	0.4	27	4.4	def	def	28	3.5	27	–13.3
Peabody Intl	28	2.2	6.2	0.3	28	4.1††	5.5	1.7	18	8.8	28	–26.5
Allis-Chalmers	29	def	def	0.5	29	def	def	def	27	3.7	29	P–D
General Refractories	30	def	def	3.3	30	def	def	def	29	2.8	29	P–D
Medians		14.6	8.2	0.3		12.0	6.7	3.2		10.2		6.8
Industrial services												
PHH Group	1	23.7%	20.0%	2.6	6	6.6%	8.3%	6.1%	2	30.5%	4	21.7%
Waste Management	2	22.9	18.0	0.3	2	16.4	13.5	11.7	3	29.3	1	30.7
Anitter Bros	3	21.4	10.8	0.6	3	15.7	8.5	2.0	4	20.7	3	22.4
National Svc Inds	4	20.1	18.6	0.0	1	17.7	16.8	5.9	6	10.5	5	16.5
Browning-Ferris Inds	5	20.0	21.5	0.3	4	13.7	16.1	9.3	5	15.9	2	23.0
Gelco	6	17.9	def	6.7	5	8.4	4.6	def	1	36.8	6	13.1
Medians		20.8	18.3	0.5		14.7	11.0	6.0		25.0		22.1
Industry medians		15.0	7.1	0.3		11.5	6.4	3.0		10.6		7.0
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. P–D: profit to deficit. def: deficit.

Producers of electrical machinery typically lag in a recovery, which is why most of them are so optimistic about 1984.



Electrical equipment

By Jill Bettner

LAST YEAR THE ECONOMIC recovery was fueled primarily by the consumer, with declining interest rates triggering a sharp uptick in housing starts. That normally doesn't have much effect on the electrical machinery business, so it's surprising the Yardstick companies were able to turn in as good a performance as they did. Their decline in median profitability for the latest 12 months was right in line with the all-industry numbers.

"We were very pleased we were able to sneak through this year," says Charles Knight, chief executive of Emerson Electric Co. Sneak through is right. The St. Louis-based electrical equipment manufacturer chalked up a $303 million profit for 1983, a razor-thin 1% increase over 1982, but enough to claim its 26th consecutive year of earnings growth. That was a significant accomplishment last year in an industry that was still waiting for the long-overdue upturn in capital spending.

The exceptions were few in the latest 12-month figures on the Profitability Yardsticks below. The only two companies to show gains were the temperature control companies—Robertshaw and Johnson—both of which benefited from the comeback in housing, the boom in major appliances and the rebound in auto sales. For most other Yardstick companies, the recovery is still on the horizon. Hard hit by losses in Brazil and barely breaking even on the sale of transmission and power-generating equipment to utilities (and process equipment to the petrochemical industry), Chicago's McGraw-Edison stumbled on its Yardstick Profitability rankings for the latest 12 months. But a sharp recovery could come this year. Both the industrial and commercial markets for its compressors and transformers are likely to improve.

Earnings on the sale of General Signal's industrial instrumentation and control systems fell about 20% last year, the second consecutive decline. "But we're seeing some momentum now," says CEO Nathan Owen. "Nineteen eighty-four? I feel good about it."

Like most electrical equipment manufacturers, General Signal, not on the Forbes list, has diversified to less-

Electrical equipment

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	26.5%	13.2%	0.6	8	14.5%	8.9%	3.4%	1	31.2%	2	21.6%
Emerson Electric	2	21.0	19.5	0.1	1	19.7	17.9	8.7	5	15.4	5	13.2
General Electric	3	20.3	19.4	0.1	2	18.3	17.7	7.3	10	9.9	8	12.0
Square D	3	20.3	12.5	0.2	5	16.6	10.6	5.6	8	12.9	10	8.1
National Svc Inds	5	20.1	18.6	0.0	3	17.7	16.8	5.9	9	10.5	3	16.5
W W Grainger	6	17.7	13.4	0.1	4	17.2	12.4	5.9	7	13.5	6	12.6
Raychem	7	17.2	10.8	0.1	7	15.7	9.8	5.1	3	23.5	1	22.9
Harvey Hubbell	8	17.2	14.6	0.0	6	16.2	13.2	7.8	6	14.9	7	12.2
Westinghouse Electric	9	15.4	12.8	0.2	9	13.7	12.1	4.3	11	7.8	4	15.5
Johnson Controls	10	14.6	15.3	0.3	10	11.6	12.3	4.5	2	25.4	9	11.9
McGraw-Edison	11	11.2	6.8	0.7	11	10.0	6.4	1.9	4	15.8	12	4.8
Robertshaw Controls	12	8.8	11.8	0.4	12	7.3	9.5	3.6	12	7.3	11	5.3
Industry medians		17.5	13.3	0.2		16.0	12.2	5.4		14.2		12.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.

en its dependence on utilities and nonresidential construction. With both those traditional markets still soft, Owen is glad he did. His emphasis has been on semiconductor processing and on telecommunications. He made no fewer than nine acquisitions in those industries last year and plans more. "I believe in 1984 we'll be back up to a new earnings record or close to it," Owen declares. "By 1985 we'll really look like heroes."

National Service Industries CEO Erwin Zaban is confident that industrial lighting, one of the old electrical equipment mainstays, is poised for a rebound. "We're seeing some improvement already," he says, though big gains typically lag the building recovery by six to eight months. "In 1984 we're looking for lighting to be a real plus," he says.

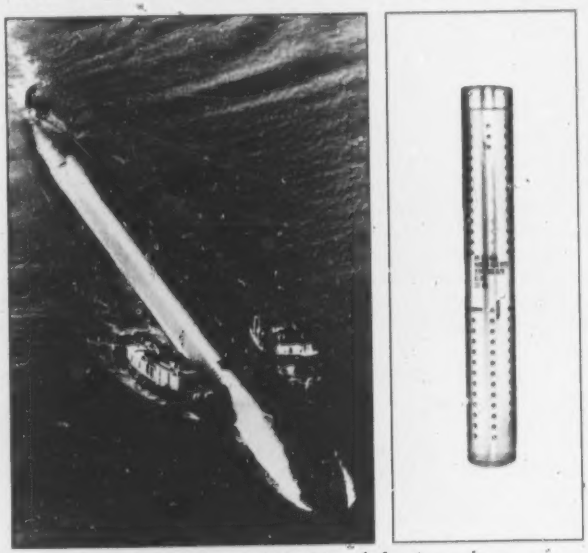
Knight agrees. "We're looking for a recovery in all of our capital-goods-related businesses, including process controls, motors and drives, professional tools and nonresidential construction products. If those businesses come up to the present level of consumer activity, 1984 is going to be a good year."

But Emerson hasn't been idly sitting by waiting for that recovery. Knight has taken advantage of the downturn to build in some new efficiencies. Early last year he consolidated operations involving 17 plants at a cost of nearly $20 million. Those moves, he says, should save Emerson about $35 million annually.

Fred Dusto, chief executive of Harvey Hubbell, Inc., expects the pickup in low-voltage wiring devices, triggered last year by the upturn in housing starts, to spill over this year into his main commercial and industrial markets. But he isn't expecting a change in the fortunes of some important customers. "Steel, coal mining and utilities will be down or flat," he says. Hubbell closed two of its Canadian plants last year because of a continuing decline in demand from Canadian utilities for its electrical porcelain products.

Less diversified than most other electrical equipment makers and burdened with problems in Mexico, Square D reported its second consecutive earnings decline last year, reversing several years of strong growth. Square D's circuit breakers and other power distribution and control devices encountered declining sales and considerable price erosion because of weak nonresidential construction markets. President Robert King now says he's "cautiously optimistic about a broad construction recovery," although that is not likely to include the key utility segment.

But in 1983 Square D increased its emphasis on electronics with its purchase of Topaz, Inc. Topaz makes devices that protect computers from power disturbances—a field King thinks quite promising. "On one side, industry is trying to improve its efficiency, and on the other side, utilities are pressing their systems to get more out of them," he says. "We benefit both ways."



Sparton Corp.'s sonobuoys (inset) *track foreign subs*
Razorblade electronics.

Johnson Controls finished fiscal 1983 in September with record earnings of $59 million, thanks to strong sales of auto batteries. But orders for industrial facilities management systems for monitoring fire safety and security as well as energy use are also improving, says CEO Fred Brengel. "Very few industries won't be better off in 1984 than they were in 1983, though you can't quantify how much better," he says.

Stepped-up defense orders in 1983 were a boon to several companies, including Emerson, General Electric, Westinghouse and Sparton Corp. The Jackson, Mich.-based Sparton, also not on the Forbes list, gets about 56% of its sales from defense electronics products like sonobuoys, which are used by the Navy to track foreign submarines. The devices last only about two hours before they sink and have to be replaced, so it's a nice razorblade business for Sparton. A 15% increase in demand for them last year helped boost Sparton's sales 19%, to $142 million. "Russian subs are a threat 365 days a year," says Sparton CEO John Smith. His company is also a major supplier of auto horns to such customers as General Motors and Chrysler.

Yardstick-topping Tyco Laboratories got much of its growth by acquiring and turning around troubled companies. Its growth has also come from capital gains from abortive takeover attempts such as its $22 million profit on the sale of its 30% investment in Cutler Hammer in 1978. But the company may be changing direction.

Following the death of former Tyco Chairman and CEO Joseph Gaziano a little more than a year ago, new CEO John Fort sold Tyco's 503,000 shares of Allied Corp.'s $12 cumulative preferred stock for $54.3 million. He told FORBES he has also decided not to increase Tyco's 46% stake in Heinicke Instruments Co. or its 29% interest in Muirhead, Ltd., a British electronics company.

"For the short term at least, we're becoming more operations-minded than acquisitions-oriented," says Fort. Recently he has also sold some divisions of Tyco's Ludlow Corp. that were outside Ludlow's principal flexible-packaging business.

Tyco gets about 38% of its sales from sprinklers and other fire protection devices. Because they are among the last items to be installed in new buildings, "that business is going to be flat next year, near as we can tell," Fort says. But he is enthusiastic about prospects for his printed circuit boards, which are used by customers ranging from computer manufacturers to utilities. "It's the segment of our business that moves most with the general economy," says Fort, who likes what he sees ahead. "We're looking at very good growth, very good," he says. "Orders are up about 25% over last year. It's a very positive sign." ■

Here it happened. There really was a recovery. Well, anyway, the beginnings of one.

Building materials

By Barry Stavro

"WE'VE HAD A PRETTY GOOD turnaround year. Some of us are sleeping a little better," says Joe Cordell, president and CEO of Jim Walter Corp.

Like any commodity business, the building materials industry is highly sensitive to volume because its plants have a great deal of operating leverage. So when housing starts, triggered by falling mortgage rates, leapt 59%, to 1.7 million, in 1983—a normal year, by more normal standards—much of the building materials business snapped right back.

Since it manufactures partially finished housing and various building materials, Jim Walter's earnings track housing starts like a shadow. After 1978, when housing starts hit a robust 2 million, Jim Walter's earnings hit a record $98 million in 1979. Then, as housing slumped (down to 1.07 million starts in 1982), so did Jim Walter's earnings ($6.1 million in 1982). In 1983 Jim Walter's profits jumped to $70.6 million, with its building products group enjoying a profit swing of $36 million.

This doesn't happen automatically, of course. Cordell had cut Jim Walter's overhead as much as possible, by trimming the work force by 16%, cutting short-term debt and reducing break-even for his building materials group to correlate to 1 million housing starts a year instead of 1.5 million. "We came out of this a much leaner and stronger company," Cordell says.

Gypsum wallboard is used for interior walls in new housing, and it's also a product used at a fairly early stage in construction. As a result, United States Gypsum Co., traditionally the performance leader in this market with a commanding 35% share in wallboard, saw its quarterly earnings per share in 1983 climb from 46 cents to 95 cents to $1.68 in the third quarter. For nine months USG's net income was up 83%. Along with it have come some of those inflationary price hikes Federal Reserve Chairman Paul Volcker is worrying about. Says Eugene Miller, USG's senior vice president for corporate planning: "Our wallboard plants are operating at 97% capacity. When the supply/demand equation gets close, it's an opportunity to regain eroded margins." USG's gypsum wallboard prices rose 20% in 1983. But USG has earned it, having spent $277 million in the past five years to boost its wallboard capacity 25% and having reduced break-even costs 30% in the past two years.

Other companies that managed to hang on to dominant market share during the recession did well, too. Like Jim Walter, Owens-Corning Fiberglas showed a modest gain on the Profitability Yardsticks during the latest 12 months. With 60% of the capacity for fiberglass insulation, Owens-Corning was able to boost prices occasionally even in the bad years of 1981 and 1982. As demand recovered, Owens-Corning boosted prices on the rising sales volume. Its profits for 1983 should more than double 1982's $29.7 million.

Under the welcome protection of that price umbrella, even a weak contender in fiberglass like CertainTeed Corp., which lost $17 million in 1981 and 1982, turned in a nine-month profit in 1983 of $25 million. Certain-

In 1983 1.7 million homes were built.
Half of the industry is back to normal.

Teed CEO Michel Besson credits heavy capital spending and strenuous efforts to increase productivity. "If you compare our 1978 output per employee," he says, "we're up 40% in fiberglass insulation."

Some portions of the industry were slow to feel the effects of an improved housing market. Take a look at the latest 12-month results for the lumber industry. Huge oversupply in plywood dampened prices. Limp overseas markets, combined with a trend to downsize new homes—thus requiring less wood—didn't help. Still, lumber demand and prices have picked up (spruce fir lumber prices per 1,000 square feet hit a low of $140 in late

1981, bounced back to $235 by mid-1983 and have since backed off again). For longtime industry profit-leader Weyerhaeuser, that boosted nine months' earnings 24%, to $135 million. But as Weyerhaeuser's sorry 3.4% return on equity for the latest 12 months attests, there is still a long way to go before the company, with its huge capital investment, is back on track.

In the long-suffering cement industry, most firms continued to sink like a stone. Lone Star Industries, the biggest producer in the country, had boasted on the cover of its 1982 annual report, "Lone Star is Ready." It seemingly had made all the right moves. It had kept maintenance spending up. It had taken advantage of acquisition opportunities over the past five years, tripling its annual capacity to 12.5 million tons. But for 1983 Lone Star will post a record loss of some $2 per share (vs. 5-cent earnings in 1982). Kaiser Cement will also lose about $1 a share.

Part of the cementmakers' problem

Building materials

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Lumber												
Willamette Inds	1	9.9%	5.5%	0.9	1	8.1%	4.7%	2.2%	2	11.1%	3	–4.2%
Weyerhaeuser	2	9.8	3.4	0.4	2	7.6	3.7	2.7	5	8.4	2	–3.1
Georgia-Pacific	3	8.5	2.0	0.6	5	5.9	2.4	0.7	1	11.4	5	–6.3
Boise Cascade	4	8.4	3.8	0.6	3	6.9	4.2	1.7	4	9.4	1	0.2
Champion Intl	5	8.2	3.5	0.5	4	6.0	3.4	1.7	6	6.0	6	–6.5
Louisiana-Pacific	6	6.5	2.7	0.2	7	4.6	2.1	1.9	3	10.8	4	–5.2
Southwest Forest Inds	7	1.7	def	1.1	6	5.5	0.5	def	7	5.7	7	–26.4
Medians		8.4	3.4	0.6		6.0	3.4	1.7		9.4		–5.2
Cement and gypsum												
United States Gypsum	1	13.2%	9.7%	0.1	1	9.8%	7.6%	4.5%	4	7.0%	1	10.1%
Moore McCormack Res	2	10.8	1.7	1.0	5	7.5	3.2	1.5	1	12.4	3	0.9
National Gypsum	3	10.4	7.8	0.4	2	8.1	6.4	3.5	3	7.9	2	6.1
Ideal Basic Inds	4	9.1	3.6	1.0	6	6.1	2.8	3.1	5	6.3	6	–4.6
Gifford-Hill	5	8.7	1.2	1.2	3	7.9	4.1	0.6	2	11.9	5	–0.3
Lone Star Industries	6	8.3	def	0.7	4	7.7	1.3	def	6	2.2	4	0.3
Medians		9.8	2.7	0.9		7.8	3.7	2.3		7.5		0.6
Building materials												
H H Robertson	1	18.7%	12.5%	0.1	1	15.2%	11.2%	3.4%	2	10.7%	2	19.4%
Vulcan Materials	2	18.6	10.2	0.2	2	13.6	8.0	5.9	4	9.7	5	10.8
PPG Industries	3	13.9	12.1	0.3	3	10.4	8.9	5.8	7	8.1	4	10.8
Ceco	4	11.8	9.1	0.2	4	9.7	7.6	2.6	5	9.2	3	16.8
Sherwin-Williams	5	11.4	15.2	0.5	6	7.7	10.7	2.7	3	10.2	1	19.8
DeSoto	6	10.8	13.9	0.2	5	9.0	11.5	4.9	15	3.2	6	8.7
SCM	7	9.2	3.0	0.5	7	7.2	3.4	0.9	10	6.3	7	3.8
Owens-Corning Fbrgls	8	8.8	9.8	0.5	8	7.2	7.3	2.5	1	14.2	9	–4.6
Armstrong World Inds	9	8.3	9.1	0.2	9	7.1	7.6	3.8	11	5.8	8	1.4
Jim Walter	9	8.3	10.2	1.0	10	6.1	6.8	3.5	8	7.9	10	–6.4
Crane	11	7.1	def	0.6	12	5.5	def	def	14	3.7	11	–13.1
Manville	12	3.3	9.4	0.5	13	4.3	6.8	5.6	6	9.0	12	–19.8
CertainTeed	13	0.6	8.2	0.4	14	2.8	7.1	2.8	12	5.2	14	–45.9
Evans Products	14	def	def	1.8	11	5.5	def	def	9	7.8	15	P–D
GAF	15	def	def	0.9	15	def	3.2	0.1	17	–5.0	15	P–D
Bird	16	def	def	0.7	16	def	def	def	13	3.7	15	P–D
Masonite		**	9.8	0.1		**	8.7	3.8	16	1.6‡	13	–22.7‡
Medians		8.6	9.4	0.5		7.2	7.3	2.8		7.8		–4.6
Building equipment												
Dover	1	25.2%	16.7%	0.1	1	22.3%	15.5%	7.5%	1	18.4%	1	19.4%
Masco	2	21.6	16.9	0.7	2	12.9	11.4	9.5	2	15.9	2	13.5
American Standard	3	17.7	8.5	0.4	3	12.8	6.4	2.4	4	6.0	4	10.2
Trane	4	11.9	9.1	0.5	4	9.7	7.1	2.4	3	12.5	5	10.1
Scovill	5	10.4	12.9	0.7	5	8.3	9.8	3.2	5	5.4	3	10.3
Butler Manufacturing	6	9.2	def	0.2	6	8.2	0.2	def	6	5.0	6	–4.9
Medians		14.8	11.0	0.5		11.3	8.5	2.8		9.3		10.3
Industry medians		9.2	8.0	0.5		7.6	6.4	2.6		7.9		–0.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit. **Not available; not ranked.

in 1983 was in the uneven nature, noted above, of the housing turnaround. In the first wave of a recovery in new housing, developers build on lots in existing housing divisions. Only in the second or third wave do new curbing, sidewalks or sewers, all requiring cement, have to go in. But housing provides only one-third of the cement industry's business. The other two-thirds are commercial construction and roads, bridges and other infrastructure needs.

Here, too, there was a lag in 1983. Office construction was soft through the first nine months, which helped keep prices down. And despite the much publicized need for better maintenance of the federal interstate highway system, spending on repairs has not increased dramatically.

Result: At 69 million tons in 1983, cement consumption was no higher than 1981 levels. "When you're running cement mills at 70% capacity, there is no way in the world you can make money," says Ted Baker, president of Florida Rock Industries, a smallish (estimated 1983 sales: $180 million) but profitable cement producer based in Jacksonville, Florida. Rock's 1983 earnings should jump 25%. Why? Since cement is so heavy and costly to transport, it is primarily a regional business. Nearly 60% of Florida Rock's sales comes from a healthy Florida market, and it didn't hurt that 55% of 1983's housing starts were in the South. So Florida Rock operated at more than 80% of capacity in 1983.

Don't think Lone Star has abandoned hope simply because it ran in the red while most other building materials companies were rebounding nicely. "As modest as it was, 1983 saw the first year of recovery," says Carmine Muratore, Lone Star's executive vice president. "We think the next three to five years will be very good for our business."

Why? Well, cement prices actually turned up in the third quarter (Lone Star showed a narrow profit) with the first upticks in nonresidential spending, and Muratore expects public spending for the well-publicized infrastructure problems to pick up at long last. The Portland Cement Association expects cement consumption to pick up 10% in 1984, which would be enough to nudge most cement companies into the black.

Just how much pent-up demand for housing remains suppressed by still high mortgage rates can be seen in the outstanding gains in latest 12-month return on equity figures in the Yardsticks for consumer paint producers like DeSoto and Sherwin-Williams (or the Glidden division of SCM). Most of that fresh paint is going to cover old housing, not new.

The best news for the building materials industry is that even if housing starts are flat at around 1.7 million starts this year, as expected, this should be a better year for earnings because the number of housing completions will rise perhaps as much as 14%, from 1.38 million in 1983 to 1.6 million, according to the National Association of Home Builders. That's good news for companies whose products, such as roofing shingles or plumbing, are used in the later stages of housing construction.

Masco Corp., for example, the nation's leading faucetmaker (with 33% of the market), turned in an impressive 16.9% return on equity for the latest 12 months on the industry Yardsticks. Masco President Richard Manoogian says 1984 "should be a better year for us because faucets are among the last products to go into a home." Masco's nine-month 1983 earnings increased 27%, and analysts peg the company's 1984 earnings at $2.75 per share, up from $2 in 1983. Manoogian can afford to be optimistic, of course. He has his bases covered, with 60% of Masco's building products going not for new construction but to the rebounding replacement and remodeling market.

Another bright spot is the $30 billion do-it-yourself market, which has grown 13% a year since 1970.

The critical variable remains mortgage rates. As long as they go no higher than 13%—a reasonable prospect in this election year—building materials should continue to rebound.

The stock market has been expecting it. Many building materials stocks doubled during the 1982-83 market surge. While many fell back about 15%, they are still considered to be fully valued against their likely improved 1984 earnings. Most building material stocks move in anticipation of interest rate swings, not earnings. ■

The asbestos albatross

At last count some 26,000 lawsuits claiming death or injury related to the use of asbestos products have been filed in U.S. courts. Many of them are multiple suits against Jim Walter, Owens-Corning, GAF, Armstrong World Industries and, of course, Manville Corp., which sought shelter from all the unknowns of asbestos liability under the bankruptcy law. Estimates of the cost of settling those claims range wildly—anywhere from $1 billion to $15 billion. It's a judicial nightmare.

One bill in Congress to cope with the situation, introduced by Representative George Miller (D–Calif.), chairman of the Labor Standards subcommittee, would have the Labor Department act as the clearinghouse for asbestos claims. The purpose is not only to speed up adjudication but also to get more money to asbestos victims by eliminating the need for attorneys. This is certainly a worthy goal. Of the asbestos lawsuits that have been settled to date, a third of the total costs have gone for legal fees.

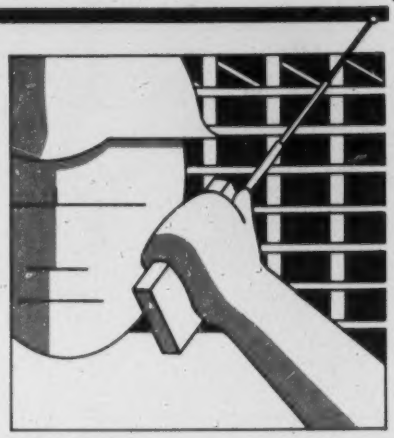
Under Miller's proposal, totally disabled victims would receive 80% of the national manufacturing average weekly wage on the date they first became disabled (in November 1983 that would amount to $280 per week), plus medical benefits. The money would come from a pool contributed to by asbestos manufacturers (and their insurers) and vary according to a company's asbestos "exposure."

James Kynes, Jim Walter Corp.'s senior vice president and legal counsel, has no quarrel with the basic concept of the bill. But he objects strongly to several wrinkles, including its omission of federal contributions, despite widely acknowledged asbestos-related injuries suffered by workers at Navy shipyards during World War II and Korea. Kynes also objects to the Miller bill's notion that it be a no-fault plan—that is, workers would need to prove only that they are disabled. (Currently, workers must prove negligence on the part of manufacturers in order to win their claim.) The no-fault provision, Kynes and others believe, could drive total costs for the program out of sight.

One thing is certain: The asbestos problem is not going away. A year ago Jim Walter faced 11,600 asbestos-related lawsuits. The company now faces 15,600 such suits.—B.S.

It took a lot of fancy footwork, but most of the big construction firms did pretty well in 1983.

Contractors

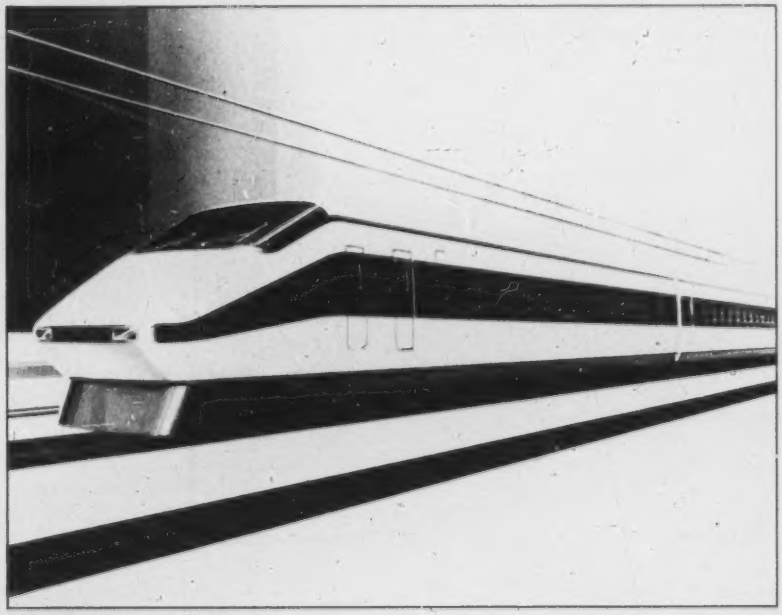


By Roger Neal

IN A RECESSION this industry noses over first and comes out last," says William McMurren, president of Boise-based Morrison-Knudsen. That's true so far as backlogs are concerned. But the manner in which McMurren and some of his competitors dealt with the problem was a subject for admiration in 1983. Construction was soft, both at home and abroad, and the once lucrative OPEC market has shrunk drastically. And yet, from a profits point of view, this industry came through the year remarkably well. The Yardsticks tell the tale. Order-starved contractors have actually kept pace with other industries in the recovering economy. How so? The better-managed companies have been simultaneously broadening their technological specializations and slashing costs.

Granted, this can't be accomplished overnight. If your specialty is large power plants, chemical plants and oil refineries, like Dravo, for example, or like Fluor, you're going to be hurting right now.

But most big contractors are currently earning close to their five-year return on equity, mainly because they diversified their customer base. The leading practitioner of this approach is Pasadena, Calif.-based Parsons. Parsons Chairman William Leonhard expects the company to post its 12th consecutive earnings increase in 1984. This is especially impressive given Parsons' high 25.3% return on equity in the latest 12 months—twice as good as the contractor industry median return on equity of only 12.5% in the same period and 12.6% for all industry. Parsons has earned that handsome return not just by diversifying, but by running a tight, low-overhead operation both in good years and in bad.



Fluor's proposed bullet train
High hopes for a new expertise.

Though megaprojects are scarce, there are some small profitable niches in the industry that are looking better. Recent federal actions, for example, have provided a number of nuclear waste storage and cleanup projects like Morrison-Knudsen's uranium mine tailings cleanup contract, which could extend to 23 sites in half a dozen states. Another nice piece of business will be the $3 trillion that the Associated General Contractors of America says will be needed to renovate the nation's infrastructure—ports, highways, bridges and airports—over the next 18 years. Funded by the nickel-a-gallon gasoline tax surcharge that was passed in 1982, the states are likely to start spending that federal money this year.

Up until recently, small companies have taken advantage of these market segments because the national contractors had bigger fish to fry. Take little San Bernardino, Calif.-based Kasler Corp. (1983 revenues, $105 million). Kasler, a regional heavy construction company that deals primarily in civil engineering work for government—everything from highways to space shuttle launch facilities—has managed a five-year average return on equity of better than 30%. But with little else for the large firms to fall back on, competition for these small projects will be stiff.

Increasingly, large contractors are becoming generalists, and none has been more successful at it than Par-

sons. With jobs in such diverse fields as petroleum processing, nuclear waste storage, mass transit and defense, both in the U.S. and 34 foreign countries, Parsons can shift resources to wherever the work is, often bringing higher-powered talent and more financial muscle to bear on a project than competitors could offer. Parsons isn't held hostage by an ailing industry here or a politically unstable region there.

Take Morrison-Knudsen, a giant company whose solid 12.5% return on equity makes it another strong generalist. Says CEO McMurren: "Diversification by geography and discipline offers us great flexibility that many of our competitors simply don't have."

Others are trying to broaden their specialties. Fluor has high hopes for the proposed $1.25 billion bullet train between Los Angeles and San Diego. If funded, the project will help Fluor develop an expertise in mass transit.

Of course, 1983's surprisingly good profit showings were not achieved easily. Fluor counted on a $40 million capital gain from sale of an office building. Morrison-Knudsen had to cut back roughly 10% of its administrative staff. Fluor's 1977 acquisition of Daniel Construction, a nonunion company, has been a big help in holding down costs and getting additional business. Daniel now accounts for about 31% of backlog.

The large engineering and construction firms are also finding that an ability to help customers find money is a potent lure. When Standard Oil of California began work on its 47-megawatt geothermal project in California's Imperial Valley, it first approached Southern California Edison to see if it was interested in owning as well as operating the $125 million plant. Edison declined.

Dravo of Pittsburgh got the contract to build the plant by agreeing to take over the project when it was completed. Dravo could do so because, with its faster depreciation schedule and eligibility for a 15% energy tax credit not allowed utilities, it could arrange financing on more favorable terms than the California utility could.

Other contractors have concocted similar schemes or are contemplating doing so. Blount has been negotiating with Oyster Bay, N.Y. to build and finance a $100 million waste-to-energy facility.

Smallish ($70 million revenues) Ultrasystems (FORBES, *Oct. 24, 1983*) has an assortment of innovative projects that it builds and operates, such as its $35 million North Dakota barley-to-alcohol conversion plant. Leonhard of Parsons says, "We'll consider these projects in any field where we feel we have a technological advantage." That apparently includes mass transit: Parsons recently offered to finance and build part of the Houston metro. Unfortunately, the project was nixed by the voters.

But the builder-owner-operator solution does not appeal to everyone. McMurren of Morrison-Knudsen is one executive who doesn't like the idea. "We've historically avoided competing with our clients," he says. "I've heard a lot of talk about this, but it's not the salvation for a weak market." What is? In McMurren's opinion, salvation is in just what M-K has been doing: keeping costs under control and scraping around for small jobs. Not brilliant, just bright. And it seems to work. ■

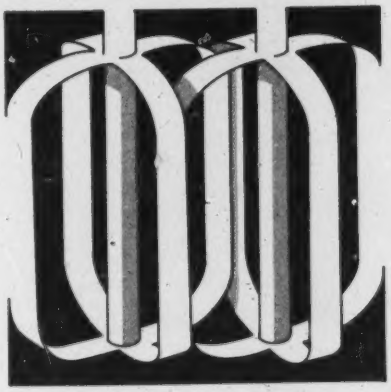
Contractors

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy construction												
Parsons	1	27.5%	25.3%	0.1	1	24.2%	23.2%	4.6%	11	6.2%	4	19.5%
Turner Construction	2	24.8	25.4	0.6	2	21.4	17.4	0.6	4	20.5	2	21.8
Blount	3	20.2	21.7	0.5	6	13.1	14.9	2.5	7	13.5	6	16.3
CBI Industries	4	20.1	12.4	0.0	3	16.2	10.0	5.1	9	10.8	9	10.9
Fluor	5	18.4	5.6	0.6	4	14.7	5.5	1.7	2	26.0	8	12.4
Fischbach	6	16.7	17.0	0.4	5	13.3	13.3	1.9	8	12.0	7	12.7
Dynalectron	7	16.1	10.9	0.3	7	12.8	8.7	1.8	6	14.9	1	32.7
Morrison-Knudsen	8	15.6	12.5	0.4	8	12.6	8.6	1.8	5	17.7	5	16.4
Perini	9	13.6	14.2	0.2	9	10.9	9.7	1.5	3	22.1	3	20.5
Raymond Intl	10	9.6	9.9	0.4	10	8.7	9.1	1.0	1	26.3	10	–5.4
Dravo	11	2.7	def	0.4	11	4.4	def	def	10	8.6	11	–25.1
Medians		16.7	12.5	0.4		13.1	9.7	1.8		14.9		16.3
Home building												
Pulte Home	1	32.3%	49.1%	0.2	1	17.0%	26.1%	6.2%	1	33.3%	1	39.4%
Centex	2	18.3	13.6	0.2	3	8.3	8.3	4.5	3	14.7	2	19.3
U S Home	3	14.2	10.7	0.7	4	7.5	5.4	2.9	2	17.0	3	16.9
Ryan Homes	4	11.8	15.1	0.2	2	10.3	12.2	3.0	4	11.3	4	–0.8
Del E Webb	5	3.7	0.7	0.8	5	5.3	3.9	0.2	6	2.0	6	–13.5
Kaufman & Broad	6	1.7	0.9	0.9	6	3.0	4.0	1.0	5	6.3	5	–6.8
Medians		13.0	12.2	0.5		7.9	6.9	3.0		13.0		8.1
Industry medians		16.1	12.5	0.4		12.6	9.1	1.8		14.7		16.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

You can let the washing machine leak only so long before you break down and buy a new one. That, in part, explains the surge of 1983. But what happens next?



Household goods

By Paul B. Brown

THESE ARE GOOD TIMES for the companies that make washing machines and stoves, bleaches and scouring powder. As William F. Andrews, chairman of Scovill Inc., puts it, "The baby boom is getting married, and the divorce rate is increasing." Divorce is good news? Sure, says Andrews: "One person takes the household, and the other has to go out and buy new appliances and furniture."

A new stove and a new washer
You need them when you get married and divorced.

In short, while every marriage means a new household, every divorce does, too. And both are on the rise in the U.S. In 1962, if you had asked 1,000 people at random, you would have found 8, maybe 9, who had been married that year. In 1982 that number was close to 11, according to the National Center for Health Statistics. Divorces? In the last 20 years their number has nearly tripled. In 1982 there were 1.2 million divorces. That means more than 1 out of every 10 Americans have been divorced. These days the marriage often wears out before the refrigerator.

Even if it doesn't, of course, the refrigerator would have to be replaced, and that is good news for the household goods industry. The oldest members of the World War II baby boom bought their first appliances between 1969 and 1973—among the best years ever for appliance sales, according to statistics kept by Paul E. Roman, vice president of the Association of Home Appliance Manufacturers, the industry's trade group. They will soon have to replace those initial purchases, since the average life of a household appliance is anywhere from 11 to 15 years, and roughly 75% of sales in this industry are replacement.

Add to that the fact that through three years of recession, consumers, frightened of spending money, kept their old dishwashers, refrigerators and clothes dryers longer than they ordinarily would have. Now they are a little more sure they will have a job and are spending big to catch up. That's why 1983 kept getting better and better, and 1984, says Maytag Co. President Daniel J. Krumm, "should be a good, solid year." Krumm, whose company has led the Forbes Profitability rankings in household goods every year since 1974, mentions two other bright spots:

• New homes. That's where about 20% of industry sales comes from, and 1983's 1.7 million new housing starts were up 59% from 1982. They are expected to be strong again in 1984 *(see p. 199)*.

• Lower interest rates. "In this last quarter we had the highest order rate for household goods we have ever had," adds Scovill's Andrews, whose Hamilton Beach line of appliances, among other products, helped the company place sixth in the Forbes appliance category. "What mainly held people back early in 1983 was the question of whether or not they would have a job," Andrews says. "Now there is enough money out there, enough savings and a lot of pent-up demand."

Not that 1984 will match 1983. Too much catching up has already been done. For example, Maytag's Krumm is predicting that industry sales of automatic washers, which climbed about 13.5% in 1983, will be up another 7% this year. Dryers, up 20% in 1983, should increase by 11.8%. Dishwashers, which cleaned up with 40% gains in 1983, should be up another 18.5% in 1984, he says. Electric range sales were up 40% in 1983 and should

climb another 18% this year. Microwaves, the darling of the industry recently, were up 38.8% in 1983 and should be up 11.2% in 1984. "As you can see, we are expecting a flattening out this year, but overall it looks pretty good," Krumm says.

"Pretty good" is the operative phrase. This is a mature industry, no question about it. Unit sales have been growing at an average rate of 3.6% over the last two decades. That means once the pent-up demand has been satisfied, further growth for any company has to come out of somebody else's hide. One measure of that is that the industry has been steadily consolidating over the past ten years. Look at Forbes' 26th Annual Report on American Industry for 1974. There are now 20% fewer names in the lists below than there were then, with such famous ones as Westinghouse Electric and Admiral among the missing. The major appliance division of Westinghouse Electric was acquired by White Consolidated and Admiral is now a division of Magic Chef.

Along with consolidation came diversification of the survivors. Maytag is a good example. For years it manufacturered only washers, dryers and dishwashers. Now it has moved into stoves and ovens with the acquisitions of the Hardwick Stove Co. and gas and electric grillmaker Jenn-Air in 1981 and 1982, respectively. Clorox Co., which made only its well-known bleach when it was divested by Procter & Gamble in 1969 pursuant to an FTC order, now sells such products as Liquid-plumr, Kingsford barbecue products and Hidden Valley Ranch salad dressings. Chairman Calvin S. Hatch says there will be more acquisitions. "If I had my preference, I'd develop internal products successfully, but the key word is successfully. In the grocery business, you know how hard that is."

In fact, Clorox, which placed third in the housekeeping products division, is now moving beyond the supermarket shelf. In 1981 it acquired Olympic Stain Co., a leading maker of exterior stains and paints, and in July it acquired the U.S. rights to Lucite paints from Du Pont. Similar expansions, either through acquisition or home-grown products, are planned by Economics Laboratory (FORBES, *July 18, 1983*), American Home Products and Procter & Gamble. When it comes to growth, the computer business it's not. But these days, home sweet home is not bad, either. ■

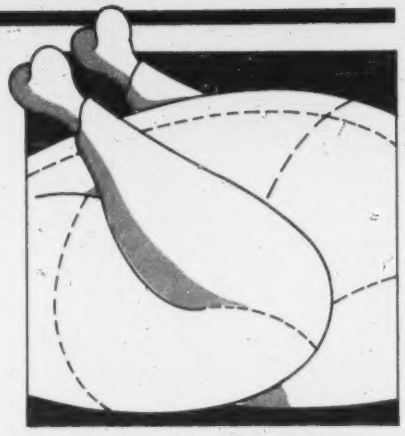
Household goods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Appliances												
Maytag	1	23.7%	27.5%	0.1	1	22.1%	23.7%	9.5%	5	9.4%	5	6.2%
General Electric	2	20.3	19.4	0.1	2	18.3	17.7	7.3	3	9.9	1	12.0
Whirlpool	3	17.5	19.3	0.1	3	16.1	18.0	6.7	6	6.2	3	11.7
White Consolidated	4	11.7	8.5	0.4	5	8.5	7.2	2.3	4	9.4	8	–1.3
Magic Chef	5	10.6	18.5	0.4	4	8.9	13.3	3.9	1	20.2	2	11.9
Scovill	6	10.4	12.9	0.7	6	8.3	9.8	3.2	7	5.4	4	10.3
Allegheny Intl	7	8.8	def	0.8	7	7.7	2.9	def	2	14.1	6	1.8
Hoover	8	7.7	12.7	0.1	8	5.0	10.2	3.3	9	4.4	7	1.4
Zenith Radio	9	4.1	5.9	0.5	9	4.5	5.5	1.4	8	5.1	9	–10.3
Singer	10	def	0.1	0.7	10	1.7	3.0	0.2	10	2.7	10	D–D
Medians		10.5	12.8	0.4		8.4	10.0	3.3		7.8		4.0
Housewares, furnishings												
Insilco	1	14.1%	13.4%	0.4	2	9.2%	9.1%	4.9%	2	10.9%	3	6.3%
Stanley Works	2	13.9	11.2	0.2	1	11.8	9.7	4.7	4	10.3	2	9.1
Black & Decker	3	9.4	9.5	0.6	3	8.4	6.6	3.8	3	10.9	4	–2.3
Roper Corp	4	9.4	14.9	0.5	4	7.2	11.0	2.7	5	3.9	1	9.9
Mohasco	5	1.9	3.0	0.4	6	2.8	3.3	1.0	6	1.3	5	–19.8
Toro	6	def	1.4	0.6	5	4.8	4.8	0.8	1	13.0	6	P–D
Talley Industries	7	def	7.6	0.4	7	1.7	7.2	2.6	7	–3.0	6	P–D
Medians		9.4	9.5	0.4		7.2	7.2	2.7		10.3		–2.3
Housekeeping products												
American Home Products	1	33.9%	34.7%	0.0	1	33.4%	32.4%	12.7%	3	10.6%	1	12.5%
Procter & Gamble	2	19.7	20.1	0.2	3	15.4	15.7	7.0	2	11.3	2	11.8
Clorox	3	18.4	23.1	0.3	2	15.4	17.3	7.7	6	–2.0	3	9.7
Colgate-Palmolive	4	14.3	15.2	0.2	4	11.7	12.6	4.1	5	7.5	5	2.5
Economics Laboratory	5	12.3	def	0.4	5	10.1	def	def	1	13.0	6	1.7
Scott Paper	6	10.2	6.2	0.3	6	7.8	5.2	4.0	4	9.6	4	6.8
Medians		16.4	17.7	0.3		13.6	14.2	5.6		10.1		8.3
Industry medians		10.6	12.7	0.4		8.5	9.7	3.8		9.4		6.2
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. D–D: deficit to deficit. def: deficit.

In 1983 the government gave grain to farmers so they wouldn't plant as much. That plowed profits under for lots of companies.



Food processors

By Jeff Blyskal

SEVERAL MAJOR CHANGES in this industry in 1983 had their origins in Washington. Consider the payment-in-kind (PIK) program, which handed farmers excess government grain to sell, thereby reducing the incentive to plant. The idea was to reduce stockpiles. With the help of a record drought, the scheme was dramatically effective. The corn crop was off by 30%, and wheat output dropped 16%.

This raised prices accordingly and played havoc with many companies' bottom lines. Iowa-based Pioneer Hi-Bred International, Inc. derives 82% of sales and 99% of profits from seed corn in a normal year. In the vital matter of return on equity, it fell from number one among agricultural commodities companies to number three. PIK cut Pioneer's 25% ROE for 1982 almost in half.

High prices for farmers mean high raw-materials costs and pinched margins for grain processors like Archer Daniels Midland and A.E. Staley Manufacturing Co. That's a big reason ADM's return on equity dropped from 12.2% in 1982 to 8.5% in 1983. Staley's, meanwhile, fell from 12.6% to a sad 1.3% in the same period.

Thanks again to PIK and the steadily rising grain prices it spawned, grain merchandisers—including privately held companies not on our list, like Cargill and Continental—had only a fair year. "A volatile grain market helps the merchandising business," explains Charles (Mike) Harper, chairman of Omaha-based ConAgra. If farmers know low grain prices will be rising, they hold back supplies. "Merchandisers have been offering railcars and barges to move grain for practically no profit, just to keep them afloat or moving," says Rodney Cerny, an analyst at First Mid America in Lincoln, Nebr.

Because of today's high prices, many analysts are predicting a record corn crop next summer. Farmers' natural instincts are to take advantage of a strong market and plant as much as they can. This should benefit seed companies like Pioneer and DEKALB AgResearch Inc., as well as makers of agricultural inputs—chemicals, fertilizers, herbicides. ConAgra has a strong position in those markets. The company's chain of 70 United Agri Products outlets sells farm-related chemicals in 25 states. The company claims to have 15% of this highly fragmented market.

Meatpacking plant in Texas
What's squeezing the meat companies?

While food processors don't expect a PIK program for corn in 1984, they do expect some kind of PIK program for wheat. Why? PIK came too late in 1983 to affect greatly farmers who had already borrowed money and planted their winter wheat crop. In 1984 they will have a second chance.

Down the food chain, meanwhile, higher corn and feed prices are driving up the cost of raising hogs, cattle and chicken. But as the Yardsticks indicate, this doesn't affect all producers the same way. Tyson Foods, a major chicken producer, managed to top its five-year average for return on equity. So did Frederick & Herrud, a top pork producer. At the same time, most meatpackers posted results that were decidedly below average.

To understand why, a lesson in commodity cycles is necessary. When feed prices are low, costs decline and herd sizes increase. This sends more cattle to market, which reduces prices. Reduced prices spark consumption, which in turn starts pushing prices back up as demand equals supply. Farmers then increase their herds, and the process begins again. Because it takes at least two years for a cow to grow to market size, the production curve is seldom smooth.

Now, for example, there is an oversupply of red meat at high prices. But the PIK program is also driving up grain costs. So packers of fresh meat are in a squeeze. "Our costs are rising while prices are dropping," says John Copeland, chairman of Swift Independent Corp., whose 12-month ROE in 1983 fell 16 percentage points from an admirable 38% in 1982. SIPCO enjoys such high profitability in part because its assets were spun off from Esmark in 1981. That means balance sheet values are lower than those of most competitors.

Beefpackers, of course, don't operate in isolation. At some point consumers get their fill of expensive steaks, and demand shifts to pork and chicken. "With enough time, high grain prices are better for chicken

than they are for other meats," explains Don Tyson, who runs Arkansas-based Tyson Foods.

That's because chickens require less feed. Thanks to breeding, better-controlled chicken farming and computer-formulated feeds, broilers grow to a bigger market weight faster (eight weeks) than they did 20 years ago. Result: It takes only two pounds of feed to produce one pound of chicken, half the conversion ratio of the Fifties.

Beef and pork producers are not so lucky, and progress is slow because of longer breeding cycles. Three-and-a-half pounds of feed go into a pound of pork and seven pounds into a pound of good steak on the hoof. Thus every penny rise in the price of feed widens the cost advantage of chicken and pork over beef.

That's why poultry consumption of 53 pounds per capita is almost double what it was back in 1960. Beef consumption is up only 24% over the same period. What about pork? Despite its relative cost advantage over beef, per capita consumption since 1960 is up an embarrassing 0.5%.

What with the vagaries of supply and demand, government intervention and the weather, food processing can be a very difficult business. But even in this environment smart managers can show their stuff. Look at Savannah Foods & Industries, Inc. It is a sugar cane refiner—one of the toughest of commodity businesses—and still manages to top its section of the Forbes Yardsticks.

Government price supports for U.S. beet sugar refiners, tariffs on imports of cane sugar and a resultant advantage for high-fructose corn syrup (HFCS) are all threatening Savannah's business. So how does the $440 million-a-year company post a top-drawer 26.2% five-year return on equity?

"We're probably the closest thing to a Japanese company that you can find," says President William Sprague Jr., who works hard to remain a low-cost producer. Savannah also shuns unions and keeps its workers on salary rather than hourly wage, using a substantial employee stock ownership plan as an added incentive. As a result, productivity was up 10% in 1983, and while other refiners are shutting down facilities, Savannah is running full out.

Savannah is also the dominant sugar company in the growing Southeast. There is little likelihood of competitors from outside the territory moving in because, as in the cement business, transportation cost is critical to sugar. Shipping it beyond a certain radius from the production facility is unprofitable. As a hedge for the future, Sprague is considering production of HFCS. Successful companies don't rest on their laurels.

What about the future of the rest of this industry? Agricultural input companies should benefit when farmers return to the soil. Lower grain prices in the latter half of 1984 ought to help grain processors and take pressure off meatpackers and poultry processors. Meatpackers, meanwhile, will get a boost from putting labor costs back in line. Above all, businesses that have been well managed in the past—like Savannah, Swift, Pioneer Hi-Bred and ConAgra—should adjust best to the future. ■

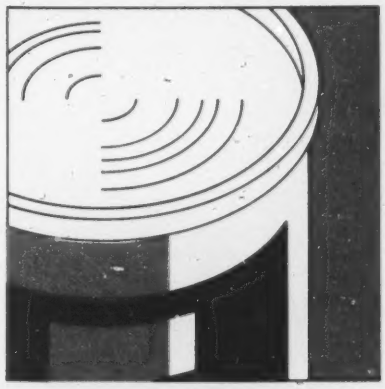
Food processors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Meatpackers												
Swift Independent	1	28.1%††	22.1%	0.8	1	15.6%††	14.6%	0.8%	5	7.1%‡		**
Idle Wild Foods	2	15.8	7.5	0.3	2	12.6	6.5	0.7	4	10.0	6	8.7%
Tyson Foods	3	15.0	22.8	1.5	7	8.6	10.7	2.2	2	18.4	2	10.8
George A Hormel	4	14.2	9.9	0.3	3	11.8	6.9	1.7	6	5.4	3	10.4
Greyhound	5	14.0	10.3	0.4	4	10.2	8.5	3.6	7	2.5	4	9.8
Frederick & Herrud	6	13.3	20.7	1.0	5	9.3	12.4	0.9	3	12.3	5	9.4
Monfort of Colorado	7	12.8	30.6	0.3	6	9.1	20.7	1.2	1	19.9	1	19.0
Wilson Foods	8	def	def	1.0	8	def	def	def	9	1.8‡	7	P–D
Rath Packing	9	def	def	1.2	9	def	def	def	8	1.8	8	D–D
Medians		14.0	10.3	0.8		9.3	8.5	0.9		7.1		9.6
Agricultural commodities												
Savannah Foods	1	26.2%	35.1%	0.2	2	17.2%	25.4%	5.5%	7	5.7%	2	26.0%
ConAgra	2	23.9	19.8	0.7	3	16.6	15.5	2.1	1	20.3	1	28.7
Pioneer Hi-Bred Intl	3	23.6	13.1	0.1	1	20.5	12.2	8.7	2	15.8	3	15.5
Archer Daniels Midland	4	15.6	8.5	0.4	4	12.4	7.4	2.5	3	13.6	4	14.4
A E Staley Mfg	5	15.1	1.3	0.5	5	10.7	2.2	0.6	5	13.0	5	7.5
Kay	6	13.6	3.0	1.9	7	8.3	4.6	0.2	4	13.2	7	6.8
DEKALB AgResearch	7	10.2	3.5	0.2	9	7.5	2.3	2.4	6	11.0	9	–0.1
Anderson, Clayton	8	10.0	4.8	0.1	6	9.8	5.3	1.9	8	4.9	6	6.9
Central Soya	9	9.5	8.3	0.3	8	7.7	6.9	1.7	9	4.9	8	1.0
Medians		15.1	8.3	0.3		10.7	6.9	2.1		13.0		7.5
Industry medians		14.1	9.2	0.4		10.0	7.2	1.7		10.5		9.4
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four-year growth. P–D: profit to deficit. D–D: deficit to deficit. def: deficit.
**Not available; not ranked.

In one of the stablest of industries, there's a good amount of housecleaning and diversifying going on. It's already paying off at the dawn of what looks like a better year.



Branded foods

By Jeff Blyskal

IN A STORMY economic sea, here is an island of tranquility: Over the past 11 years and two (or three) recessions, the average annual return on equity for 22 of the diversified branded foods companies listed below ranged rather narrowly between 11.4% and 14.9%. For specialized food companies, the swings in ROE were somewhat more dramatic, between 12% and 18.4%. One glance down the latest 12-month results on the industry Profitability Yardsticks shows little change from five-year averages for most companies.

But there are exceptions. Chairman William Stiritz of Ralston Purina has been pruning the company decisively, and it shows: That 23.8% return on equity for the last 12 months, aided only modestly by stock repurchases, puts him just behind the Kellogg money machine in profitability. In contrast, limelight-loving Quaker Oats' abrupt drop in latest 12-month profitability traces to $62.5 million in writeoffs and losses in its chemical and videogame businesses.

Industrywide there are other developments. What appears to be a long-term trend that shows up clearly on the Forbes Yardsticks: From 1976 to 1978, median five-year returns on equity of specialized food companies ran close to 2 points above those of diversified companies. Since 1981, however, specialized branded food company profitability medians have been running under those of diversified food companies.

Hershey recognized the risks of specialists several years ago, which is part of the reason its results put it back in the number two position. In the commodity panics of 1973, when the price of cocoa beans rose, Hershey earnings dropped about 30% and chopped ROE to about 9%. So the drive since has been to diversify into other food areas, like Friendly Ice Cream restaurants and pasta products under the San Giorgio, Delmonico, P&R and Skinner labels.

Kellogg, too, has been branching out of the increasingly competitive slow-growth cereal market. Now nearly 25% of its sales are noncereal. Over the past decade or so it has put cornflake capital behind Mrs. Smith's frozen pies, Le Shake and Whitney's yogurts and Salada brand teas and foods. It hasn't been easy to come up with food products that are as lucrative as Corn Flakes, Rice Krispies or Sugar Frosted Flakes, although so far Kellogg has been faring remarkably well. However, an increased new product push at present would be costly and could temporarily dampen earnings growth.

Branded foods

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
Esmark	1	25.1%	18.5%	0.6	6	14.8%	12.3%	3.5%	24	–5.5%	2	21.8%
ConAgra	2	23.9	19.8	0.7	2	16.6	15.5	2.1	1	20.3	1	28.7
Dean Foods	3	23.0	22.3	0.4	1	16.8	17.5	2.5	6	16.1	3	21.2
General Mills	4	19.4	20.8	0.4	4	15.0	16.1	4.6	10	12.5	7	14.0
H J Heinz	5	19.1	20.6	0.3	5	14.9	16.3	5.9	9	12.8	4	16.8
CPC International	6	18.9	16.1	0.2	3	15.2	13.1	5.3	16	7.5	10	11.2
Nabisco Brands	7	18.9	18.5	0.3	7	13.7	13.5	5.6	17	7.5	9	12.7
Curtice-Burns	8	18.2	19.2	2.4	19	8.8	8.0	1.6	3	18.3	11	10.4
Consolidated Foods	9	17.5	18.6	0.3	11	12.5	13.0	2.6	7	15.2	5	14.9
Pillsbury	10	17.2	16.0	0.6	14	11.4	11.2	3.9	4	18.3	8	13.0

Note: Explanation of Yardsticks calculations on page 38.

Back over in the diversified category, national brands like a Campbell soup, a bottle of Heinz ketchup or a Kraft Velveeta cheese loaf have a reputation for quality, compared to similar products, that protects them against price competition even in a downturn. "Through the recession, higher-end and quality branded products held up much better than commodity-type items," says James Dutt, chairman of Chicago's Beatrice Foods, who is leading a new marketing push after some major housecleaning. Beatrice's 2-point gain in return on equity in the latest 12 months puts it neck-and-neck with the Campbell Soup Co.

Esmark, the $3.3 billion conglomerate, 43% of whose sales come from such foods as Butterball turkeys, Sizzlean breakfast strips and Peter Pan peanut butter, finds itself at the top of our ranking for slightly artificial reasons. In 1980 Esmark sold its entire energy segment, consisting primarily of Vickers Petroleum and Vickers Energy, for a nonrecurring gain of $562 million.

If that extraordinary item were taken out of the results, Esmark's five-year average ROE would be more like 14.5%, ranking it below the median in the number 16 spot.

Such an adjustment would put ConAgra rightfully in the top spot with Dean Foods. Both are the industry standouts by a considerable margin, in part because they have plenty of strong regional brands and some newer national brands. ConAgra has gone for market share through acquisition, becoming an industry leader in flour milling, poultry processing, retail frozen foods with Banquet Foods, shrimp processing and the growing catfish aquaculture market. ConAgra, however, now has quite a mouthful with its latest acquisition, for which it paid $166 million, of Armour Foods' beef and pork processing facilities from Greyhound.

Dean Foods has been equally acquisitive in the dairy area, always paying close attention to such things as dropping customers who don't pay a decent price or who pay bills late, dropping unprofitable product lines like its herring business, trimming labor and pushing higher-profit items like yogurt, where margins run to 5%, vs. just 2% on milk. Annual per capita U.S. yogurt consumption has tripled since 1970 to 2.7 pounds in 1982.

Dean CEO Kenneth J. Douglas has also been lobbying Washington to reduce price supports resulting from government purchases of powdered milk, cheese and butter at prices that

Branded foods

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
General Foods	11	16.5%	15.8%	0.4	8	13.2%	11.6%	3.5%	13	10.0%	12	9.1%
Universal Foods	12	16.3	19.6	0.5	10	12.6	13.9	3.9	2	18.4	17	6.5
Campbell Soup	13	15.0	15.3	0.2	9	12.9	12.6	5.0	12	10.6	16	7.7
Dart & Kraft	14	14.9	15.6	0.2	12	12.4	13.0	4.5	15	7.9	14	7.8
Ralston Purina	15	14.8	23.8	0.4	15	10.9	16.9	5.3	19	7.0	18	5.7
Intl Multifoods	16	14.7	15.2	0.4	16	10.9	11.3	3.1	21	5.2	15	7.7
Beatrice Foods	17	13.1	15.3	0.4	17	10.6	11.8	3.5	14	9.8	19	3.3
Borden	18	12.8	13.3	0.3	18	9.5	9.9	4.3	22	4.6	13	8.3
Federal Co	19	12.8	12.8	0.2	13	11.5	11.6	2.2	8	13.5	21	2.3
IC Industries	20	8.3	4.6	0.8	21	5.5	4.2	1.6	5	16.5	20	3.1
Di Giorgio	21	8.0	5.4	1.0	20	6.2	4.8	0.7	20	5.9	6	14.3
Castle & Cooke	22	5.5	2.8	0.4	22	5.4	3.9	1.1	11	12.4	22	–12.8
Kane-Miller	23	2.3	def	0.7	23	3.3	def	def	23	–3.5	23	–21.9
United Brands	24	def	def	0.7	24	def	def	def	18	7.3	24	P–D
Medians		**15.7**	**15.9**	**0.4**		**12.0**	**12.1**	**3.5**		**10.3**		**8.7**
Specialized												
Kellogg	1	27.7%	27.6%	0.0	1	23.6%	25.2%	10.4%	7	10.1%	5	11.5%
Hershey Foods	2	19.5	17.6	0.3	3	14.6	12.9	5.6	1	18.3	2	13.7
Flowers Industries	3	19.0	18.9	0.4	6	12.9	13.3	3.7	2	15.3	3	12.9
Carnation	4	18.0	17.6	0.1	2	15.0	15.1	5.7	9	7.9	6	11.3
McCormick	5	15.7	16.1	0.4	7	12.6	13.3	4.1	3	15.3	7	11.0
Gerber Products	6	15.6	15.8	0.3	5	14.0	13.2	6.0	6	10.6	8	8.8
Quaker Oats	7	15.5	9.5	0.2	8	11.3	7.4	2.3	5	11.2	4	12.2
Wm Wrigley Jr	8	15.0	16.0	0.0	4	14.5	15.5	6.8	8	9.2	9	4.5
Amstar	9	12.8	7.8	0.1	9	9.7	6.5	2.4	12	3.9	10	3.1
Berkshire Hathaway	10	9.4	7.7	0.2	10	9.4	8.0	11.9	4	13.2	1	25.0
Amer Maize-Products	11	8.3	3.2	0.5	11	6.8	3.8	1.1	10	7.7	11	–2.6
Interstate Bakeries	12	def	def	1.7	12	1.1	def	def	11	6.1‡	12	P–D
American Bakeries	13	def	def	0.7	13	def	def	def	13	3.1	12	P–D
Medians		**15.5**	**15.8**	**0.3**		**12.6**	**12.9**	**4.1**		**10.1**		**11.0**
Industry medians		**15.5**	**15.8**	**0.4**		**12.4**	**12.3**	**3.5**		**10.1**		**9.1**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. def: deficit.

Tennessee Works.

Two centuries ago Tennesseans worked hard to carve a life out of some pretty tough wilderness. We've been working hard ever since, thanks to a frontier work ethic that's alive and well and still setting productivity records. And still making inroads, with programs like the state-funded Industrial Training Service which trains Tennesseans for specialized industry needs. Why does Tennessee invest that kind of time and money in attracting and keeping new business? Because when you get down to brass tacks, we're still a hard-working people looking for new frontiers that just need a little hard work to conquer. For more information, call or write Mike DuBois, Tennessee Department of Economic and Community Development, Andrew Jackson Bldg., Box 718, Nashville, TN 37219. 1-800-251-8594.

Tennessee

We get down to Brass Tacks.

have almost doubled since 1974. Per capita consumption of milk in the U.S. has declined 12% since 1970, and Douglas blames excessively high prices, along with increased competition in the beverage market.

The Reagan Administration has been holding the line on supports, but Congress late in 1983 refused to cut support prices and thereby eliminate a growing surplus of powdered milk, butter and cheese. Instead, in addition to buying surplus milk, the government will for the first time pay dairy farmers not to produce.

In general, however, there won't be much inflationary pressure from branded foods. Says Art Schulze, executive vice president for General Mills' grocery division: "You won't see serious food inflation. Increases should be somewhere in the area of 3% to 6%."

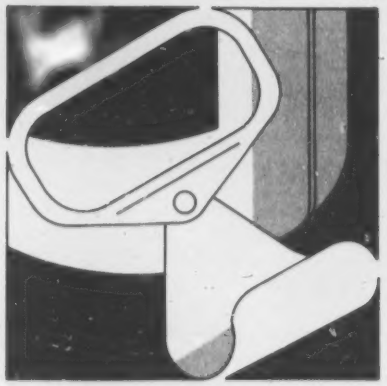
One exception could be grain-based products like cereal and bread because of tight corn supplies and a likely extension of the payment-in-kind program *(see p. 206)* for wheat. For that reason big grain users like Kellogg, Quaker Oats, Flowers Industries, American Bakeries and Interstate Bakeries could come under some cost pressures.

But premium, quality and convenience foods should benefit from an expected rise in discretionary income. So at Kellogg, grain pressures will likely be offset by frozen dessert gains. Frozen food areas like ConAgra's Banquet and Armour Dinner Classics entrees, Campbell's Swanson and Mrs. Paul's divisions, General Foods' Birds Eye, and General Mills' Gorton's seafoods should do well. Premium products like Kellogg's Whitney's yogurt, Beatrice Foods' Tropicana orange juice and General Foods' recently acquired Entenmann's baked goods should also benefit from the recovery.

Orange juice and yogurt seem to be two especially hot areas with plenty of potential for growth. "Orange juice was always a growth area," says Beatrice's Dutt, "but Procter & Gamble's [Citrus Hill] entry signals that it was an undermarketed area." As for yogurt, producers see evidence of growth potential based on consumption patterns in other countries. While U.S. consumers eat only 2.7 pounds a year, per capita, of the stuff, "European per capita consumption is 10 to 20 times that," says General Mills' Schulze. "I think demand should grow." ■

Branded goods on their hard-won shelf space
"The higher-end brands held up much better than commodity-type items."

The top two slots in both the beer and soft drink industries have been a given for years. The action is in the battle for number three.



Beverages

By Laura R. Walbert

BACK IN 1981 FORBES asked Russell Cleary, chairman of acquisition-minded G. Heileman Brewing Co., if he thought Heileman, then number six in industry sales, would ever overtake Anheuser-Busch and Miller. "I don't think that's our objective," Cleary replied quickly. "I would rather be number three in sales with the highest return on equity and best earnings growth in the industry."

Well said. Cleary is closing in on his sales target, helped by the acquisition last March of six Pabst/Olympia brands that already account for 15% of Heileman's shipments. Last year Heileman's $1.1 billion in sales made it the nation's fourth-largest brewer. More important, the company also held its top spot on the Forbes Profitability Yardsticks for the fifth year in a row, with a five-year average return on equity of 31.7%, dipping only slightly to 28.7% in the latest 12 months.

Heileman's strategy to date has been not unlike Yardsticks-topping food companies Dean and ConAgra *(see p. 208)*, which have concentrated on strong regional brands. But now Heileman is planning to expand some of its regional brands into the South, using the new Pabst/Olympia plants in Texas and Georgia. Whether Heileman, which is leveraged relatively highly, can do that without cost to its profitability ranking will be the acid test for Russ Cleary.

Nationwide beer consumption is as flat as yesterday's Bud, partly because of the recession but, more important, because the population has grown older and more health-conscious. Despite a hot summer, beer consumption grew only about 1% last year, compared with the usual prerecession 3% or 4%.

It is the same story elsewhere in the beverage industry. Wine consumption, which had been growing at an annual rate of 6% since the mid-1970s, has slowed to about 3%, with domestic wines suffering particularly large losses as the consumer drank imported wines made cheap by the strong dollar. Consumption of distilled liquor has been declining steadily every year for nearly a decade on a per-adult basis.

Even soft drink consumption has leveled off. It had been growing at a 6% to 7% average annual rate through the 1970s, but has dropped to 4%, as the number of teenage consumers has dropped.

Meister Bräu beer from Miller Brewing ***Forced to resurrect the cheap brew.***

For the industry leaders, of course, this is, next to drug smuggling, still one of the most profitable lines of work in the U.S. But it ain't what it used to be. The beverage producers' performance in return on equity was well below 1982's 18% and 1981's 18.9% median results.

So it's now a zero-sum game, like a poker game, where every winner creates a loser. Making matters worse is the domination of both the beer and soft drink markets by not one but two strong leaders. Anheuser-Busch and Miller Brewing together own 55% of the nation's beer sales, while Coke and Pepsi combined sell 64% of the soft drinks. That leaves the rest of the industry, as Heileman's Cleary testifies, battling for number three, and survival.

That battle has been particularly fierce for brewers. The recent rash of takeovers seems to have subsided for the moment as privately held Stroh secured the number-three spot with the twin acquisitions of F&M Schaefer and Jos. Schlitz Brewing, while Heileman moved into fourth position with the Pabst acquisition. That left Adolph Coors as number five and the new Pabst in the number-six slot.

But a new battle is about to be fought for control of the southeastern states, where a still expanding population and a warm climate have created one of the few growing markets for beer. Colorado-based Coors, stuck in an earnings slide since 1979, invaded the Southeast last year and enjoyed a 25% increase in sales for the first half of the year alone (FORBES, *Oct. 24, 1983*). That was enough to give it the only profitability uptick in the latest 12-month figures for the alcoholic beverages group. Now Heileman, brewer of Old Style, Blatz and Rainier, to name a few, is about to launch its own attack on the southern states, using its newly acquired breweries in San Antonio and Perry, Ga. Says Cleary, "We have very good market share in most of the midwestern and northwestern states—23% on average in our ten largest states. But we have a 2% market share in the Sunbelt states, so there's great potential for our brands in those markets."

Don't expect the top two brewers to take this sitting down. Philip Morris-owned Miller, brewer of Miller High Life, Löwenbräu and Lite, encountered weak sales of premium-priced Miller High Life. Meanwhile sales of

competing popular-priced beers rose as brewers increased distribution and some recession-stricken drinkers traded down from more expensive beers. Jerry Steinman, industry follower, estimates Stroh's Old Milwaukee was up 15%, its Schaefer was up 50% and Heileman's Carling Black Label up nearly 50%. Still without an entry in the popular-price segment even though it accounts for 21% of the beer market, Miller dusted off its old regional Meister Bräu brand, shelved since the mid-1970s. It was a less than impressive response from mighty marketer Philip Morris.

Competition was no less fierce last year in soft drinks, especially in the segment of the market inhabited by teenagers. Seven-Up, despite recent gains in market share, has yet to turn in an operating profit since Philip Morris bought it in 1978. Royal Crown has had its earnings-per-share growth stunted to a five-year average of 4.6% as the Big Two rushed to copy its highly successful decaffeinated and sugarless RC 100, and lowered the price umbrella elsewhere. That price competition was the coup de grace for struggling Dr Pepper, as the latest 12-month figures demonstrate. Although the shrewd 1982 acquisition of Canada Dry, which gave it needed distribution, was beginning to pay off, a sagging Texas economy and price wars caused Dr Pepper to throw in the towel and consider takeover offers from Forstmann Little and Hawaiian Castle & Cooke.

Meanwhile, the bottlers are having their own troubles. It continues to be true that for the bigger operations, like General Cinema, Allegheny Beverage and MEI, all of which rank in the top three slots in the industry Profitability Yardsticks, bottling is still a license to coin money. (General Cinema's phenomenal 12-month figures, let the record show, are mostly because of earnings from its R.J. Reynolds holdings and its sale of a Miami TV station.)

But smaller bottlers are suffering cost increases as new diet, no-caffeine and even no-salt products require a greater variety of packaging.

Aspartame, the newly approved low-calorie sweetener, is one bright spot for the beverage industry. Diet soft drink sales, which are already 20% of the soft drink business and growing at 10% to 12% a year, are expected to grow even faster, as aspartame eliminates that unpleasant aftertaste from diet soda.

Total beverage industry demand will also pick up as the recovery continues and strengthens. But the war will continue. "There's no question that some brands are going to fall by the wayside," says Brian Dyson, president of Coca-Cola U.S.A. "There's just not enough room on store shelves for all the different brands. But those companies that shrewdly execute their marketing strategy, sustain their products from plant to grocers' shelves, and support a strong distribution system will survive."

That may spell opportunity for the new Seagram brand mixers, created by the Coca-Cola Bottling Co. of New York. First test-marketed in late 1982, the mixers, including tonic water, club soda, seltzer and ginger ale, are already the number two brand of mixer in New York, says Jerome Will, head of the project for Coca-Cola of New York. And it will take Seagram mixers nationwide using not only the strong Coke distribution network, but bottlers of any noncompeting soft drink, including Pepsi, RC Cola, 7UP. But for mom and pop it looks like time to cash in the chips and sell out to the highest bidder. ■

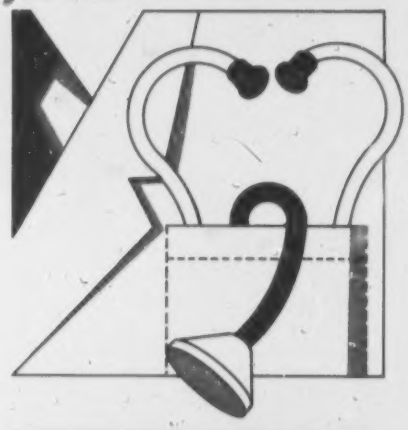
Beverages

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Alcoholic beverages												
G Heileman Brewing	1	31.7%	28.7%	0.8	1	21.9%	14.5%	5.1%	1	29.2%	1	29.4%
Brown-Forman Dist	2	22.9	21.6	0.1	2	17.8	18.5	10.3	3	15.0	2	25.6
Anheuser-Busch Cos	3	20.0	18.7	0.4	3	11.7	11.2	5.9	2	18.7	3	21.7
Seagram	4	13.5	8.7	0.3	4	10.0	7.3	9.6	6	4.1	4	21.6
National Distillers	5	9.8	4.4	0.2	6	8.1	4.5	2.3	5	6.3	6	-2.4
Adolph Coors	6	9.0	10.8	0.0	5	8.2	9.6	8.0	4	10.2	5	0.9
Pabst Brewing		**	**	**		**	**	**		**		**
Medians		16.8	14.8	0.3		10.9	10.4	7.0		12.6		21.7
Soft drinks												
General Cinema	1	29.2%	54.3%	1.6	4	15.8%	22.0%	10.1%	6	14.2%	2	24.6%
Allegheny Beverage	2	29.0	35.3	3.8	5	14.0	10.2	2.1	2	27.5	3	23.9
MEI	3	28.5	27.1	0.9	3	17.2	15.4	6.3	1	27.8	1	27.5
Coca-Cola	4	22.2	19.9	0.2	1	20.2	16.4	8.2	7	12.8	5	9.9
Dr Pepper	5	19.2	5.9	0.8	2	19.9	6.8	1.8	3	17.5	8	3.5
PepsiCo	6	18.3	14.7	0.5	6	13.2	10.4	3.2	4	17.3	6	8.7
Wometco Enterprises	7	15.7	14.3	0.8	7	10.6	8.9	5.6	5	16.0	4	10.9
Royal Crown Cos	8	14.3	14.1	0.5	8	10.6	10.7	3.4	8	8.6	7	4.6
Medians		20.7	17.3	0.8		14.9	10.6	4.5		16.7		10.4
Industry medians		19.6	16.7	0.5		13.6	10.6	5.8		15.5		16.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
**Not available; not ranked

The end of cost-plus reimbursement is going to stand this booming industry on its ear—but not in quite the way you might expect.



Health care

By Anne Bagamery

PICTURE AN INDUSTRY that has grown to gargantuan size in two decades on cost-plus sales and the heavy leverage they allow. Now gradually take away cost-plus by act of Congress. What do you get? Moans, groans and screams of pain? No, cheering.

That's a thumbnail sketch of what's going on in the $300 billion health care industry these days. The four largest hospital management companies—Hospital Corp. of America, Humana, American Medical International and National Medical Enterprises—each boast over $1 billion in sales, better than 25% a year sales and earnings growth, above-average profitability and huge debt loads. Their spectacular track records were made possible by that remnant of the Great Society, liberal health insurance.

With health care costs now eating up 10.5% of the gross national product, Congress stepped in with new Social Security legislation that took effect in October and changed the Medicare-Medicaid reimbursement guidelines from a percentage of costs incurred to a fixed amount per procedure. That, of course, neatly shifts the onus for cost control to the hospitals.

Meanwhile, corporations and other group buyers of health insurance are instituting their own cost controls, in the form of preferred-provider contracts—group plans that authorize full payment for health care only to certain low-cost providers.

Are the for-profit hospitals ready for this? "Very few health care companies can tell you now what it costs to deliver specific services," says Richard Eamer, chairman of $2.1 billion (sales) National Medical Enterprises, the fourth-largest publicly owned hospital chain. "That will have to change."

So why aren't Eamer and his brethren at the other hospital-management giants screaming for relief? After all, everyone knows what havoc deregulation has wrought on the equally leveraged-to-the-hilt airlines. Why, instead, does Humana Chairman David Jones think 1984 will be "the most exciting year in our short history"?

The answer is simple: The big chains like Humana are convinced they are already the low-cost provider by a wide margin in the areas they serve because of efficient management of their greater economies of scale (FORBES, *Sept. 26, 1983*). Besides, to the extent that changes have to be made, the for-profit hospital chains feel they will have plenty of time to make them. Price deregulation is coming gradually. This year 25% of Medicare-Medicaid payments will be reimbursed on the new system by diagnosis-related groups (or DRGs), with 25% added each year until 1987.

Houston-area MediClinic
For hospitals, the biggest change since Lister.

What does the phasing out of cost-plus reimbursement imply for companies in hospital supply—the companies that make everything from CAT scanners to bandages, and sometimes take out the laundry? It implies that there will be severe price competition on traditional products where there are several suppliers, and sharply improved opportunities for newer products that can save time and money.

Short term at least, that's more bad news for the older subsidiaries of Johnson & Johnson, still hurting from the Tylenol tampering and the Zomax recall, although new pharmaceutical and high-tech medical devices should offset that in time. It's also more bad news for ailing Becton Dickinson, which fell sharply on the industry Profitability Yardsticks during the latest 12 months because of heavy writeoffs of failing high-tech new products.

On the other hand, it's bound to be good news for booming Baxter Travenol, which had the foresight to launch a hospital cost-identification consulting service that probably will push BT's extensive outpatient home-

care delivery system, which is often cheaper than in-hospital care. That, of course, was a natural outgrowth of BT's portable dialysis machines that are increasingly replacing its costly kidney dialysis equipment. It's a classic example of virtue rewarded: Because Baxter has done the research and made the necessary investments in its core businesses, it gets a rejuvenating approach to its market almost automatically.

Whether the end of fixed-cost reimbursement will be good for the lower-technology suppliers will largely depend on how efficient their distribution systems are. Yardsticks-topping ServiceMaster, the king of hospital maintenance, probably has little to worry about. But outfits like American Hospital Supply and Abbott Laboratories may well find increasing competition from the pharmaceutical companies, which have already started invading this territory *(see Drugs, p. 215)*. Certainly there will be plenty of opportunity ahead for the smaller hospital-management chains—the Universal Healths and Charter Medicals—that are trying to grow through acquisition of small, foundering community hospitals. That foundering is likely to pick up in volume, and with it the acquisition opportunities. With some 15% of the nation's 6,000 facilities owned by chains, there is no lack of candidates. "The challenge," predicts National Medical's Eamer, "is for the smaller chains to convince hospital boards that they have the money and experience to manage their acquisitions. As the chains grow, however, they should have little trouble."

If all this bottom-line analysis sounds bloodless, you are thinking like a doctor. The *New England Journal of Medicine*'s Dr. Arnold Relman, in an acerbic exchange with HCA Chairman Donald S. MacNaughton on the Public Broadcasting System's *MacNeil/Lehrer NewsHour*, maintained that doctors should not be hampered by bottom-line concerns while they are deciding how to manage patient health. MacNaughton's response: Patients are increasingly managing their own health. Besides, he said, the last thing the health care community needs is continued estrangement from the world of cost responsibility.

Many think Washington may put another cloud on the horizon: As the for-profits grow and, inevitably, put some of the not-for-profits out of business, protests are to be expected from politicians seeking to protect jobs in their home states.

"There will be a lot of bitching, but I think eventually everyone will learn to live with it," says National Medical's Eamer. "The question is, will Congress give us enough time to assimilate the changes?" Adds Humana's Jones, "It's better to serve two patients than one. If you have to close down an old hospital to accomplish that, so be it."

Another near-term concern is what the growth of preferred-provider organizations, or PPOs, will do to hospital occupancy rates. In general, a shift in the way health care is delivered penalizes acute-care hospitals. This happened in 1983 as freestanding surgery and general care centers (docs-in-the-box) took root. PPOs, which by definition look for the lowest-cost means of delivering health care, can be counted on to steer subscribers away from high-overhead facilities and into newfangled providers like the Surgicares and MediClinics. But heads of hospital management firms aren't losing much sleep over it. "Occupancy rates generally rise late in a recovery," says AMI's Chairman Royce Diener. "Whatever slip occurs will be more than made up for."

Say this for the heads of the big hospital chains: They are looking at 1984 with high spirits. Says National Medical's Eamer: "This is just another form of retail selling—controlling costs to deliver the most effective product at a reasonable price." Talk like that may not thrill the medical community, but it has the sound of good business. ■

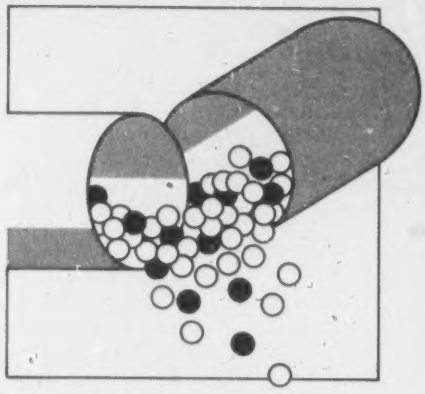
Health care

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
ServiceMaster Inds	1	39.7%	44.2%	0.0	1	40.0%	43.3%	3.7%	6	22.2%	7	24.8%
Humana	2	32.6	34.2	1.6	10	12.4	14.7	9.1	4	33.9	2	47.1
Shaklee	3	25.7	28.0	0.1	2	19.8	23.2	6.5	7	20.2	10	15.5
Abbott Laboratories	4	24.2	25.4	0.1	3	19.6	20.5	11.6	9	16.0	8	19.7
Natl Medical Entrprs	5	20.7	18.0	1.2	9	12.4	10.4	5.4	1	48.9	4	30.5
Amer Medical Intl	6	20.5	22.4	1.0	11	12.2	12.9	7.6	5	28.4	5	28.6
Beverly Enterprises	7	19.9	12.3	2.2	12	11.3	7.1	3.1	2	43.5	1	74.6
Johnson & Johnson	8	19.9	17.9	0.1	4	19.0	16.8	8.6	11	14.8	12	14.0
Whittaker	9	19.6	9.7	0.5	5	18.4	14.5	2.0	12	14.6	3	31.4
Hospital Corp of Am	10	19.2	16.8	1.1	13	11.0	10.5	7.2	3	34.7	6	26.1
Baxter Travenol Labs	11	18.5	20.1	0.2	6	15.0	17.4	11.8	8	16.2	9	18.9
Amer Hospital Supply	12	17.1	18.2	0.1	7	15.0	16.3	6.8	10	15.1	11	15.4
Bausch & Lomb	13	15.9	14.3	0.3	8	13.3	11.2	7.0	14	8.0	13	9.6
Becton, Dickinson	14	12.7	6.2	0.4	14	10.7	5.2	3.2	13	13.8	14	6.4
Sybron	15	3.5	def	0.5	15	4.4	def	def	15	3.7	15	-19.0
Industry medians		19.9	18.0	0.4		13.3	14.5	6.8		16.2		19.7
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38
def: deficit

Remember the 1970s, when pharmaceutical firms bought foodmakers and called themselves "consumer products companies"? Now health care is the order of the day, and medical instruments the acquisition of choice.



Drugs

By Anne Bagamery

VARIATIONS on a theme:

John Culligan, chairman of American Home Products Corp.: "Our acquisitions policy is geared toward anything in health care."

Richard Furlaud, chairman of Squibb Corp.: "We can better serve the changing health care industry as a diversified supplier of health aids, from drugs to equipment."

Joe Williams, president of Warner-Lambert Co.: "Face it, the financial community rewards you better if you're a health care company."

In the late 1960s and during the 1970s, the watchwords were consumer products. Pharmaceutical companies, anxious to cushion their earnings from the Food & Drug Administration's stiffer testing requirements, fell over themselves to acquire bakeries (Warner-Lambert bought Entenmann's), candy companies (Squibb bought Lifesavers), eyeglass manufacturers (Warner-Lambert bought American Optical). Now it's health care, and one glance at the industry medians on page 251 tells the story. Not only is health care a closely related business using some of the same distribution channels, but it is also one of the few businesses that's nearly as profitable as ethical drugs. So recently the big drugmakers have been stripping off their old consumer products acquisitions and pouring the money into medical supply firms. As an example of this strategy, Warner-Lambert took the proceeds from the sale of Entenmann's and bought IMED Corp., a medical technology firm, in 1982.

How shrewd this turns out to be remains to be seen. While acute (that is, hospital-delivered) health care is growing better than 10% a year and currently consumes more than 4.5% of GNP, government-mandated Medicare reimbursement controls seem sure to make some areas of the medical supply business quite a bit more price-competitive and, hence, less profitable.

Meanwhile, the drug business has been doing quite nicely. Unit sales of prescription drugs were up about 4% in 1983. That's the biggest increase in the last several years. What triggered the past year's boomlet in drug sales? Some say it was produced by the graying of America—older patients take more medicine. Others say it was the substantial increase in the number of general practitioners, who tend to prescribe much more medicine than specialists. Neither trend shows any sign of abating.

Drug research at Johns Hopkins
With an aging population, a booming market.

So why, if it was such a good year, did a company like the Upjohn Co. turn in such a poor performance relative to its five-year profitability averages on the Forbes Yardsticks? Bad times for its commodity chemical business. As for Schering-Plough Corp., pharmaceutical profits haven't been the same since Garamycin went off patent in 1980, but a new cardiovascular drug, still awaiting final FDA approval, is due to hit the market in late 1984. Further on, the introduction of the potentially lucrative interferon may also promise earnings pickup. Then there was Richardson-Vicks Inc., hurt by the strong dollar, with two-thirds of its earnings coming from overseas. In 1983, in a bid to boost long-term profitability, R-V acquired Pantene Co. and Vidal Sassoon, Inc. in the personal care field. But earnings recovery in fiscal 1984 may be partially postponed because of heavy promotional expenses for new products.

To counter the kind of profit nosedive that Schering went through when Garamycin went off patent and the price wars began, pharmaceutical companies are trying to establish a foothold in the over-the-counter market before a drug goes off patent and gets eaten alive by the generics. Take Upjohn's highly profitable (about a third of earnings) antiarthritic Motrin, for example. Motrin goes off patent in 1985, and Upjohn and American Home Products have been seeking FDA approval to "reclassify" it and market the drug over-the-counter. Unfortunately, the reclassification process is slow, meaning that Upjohn and AHP may have only a short time before Motrin becomes fair game for the generic drugmakers (who have to prove that their product is equivalent in order to receive approval to market it). But when approval comes, as many think it will in 1984, it still could mean millions of dollars in retail sales

in the larger, over-the-counter market. Reclassification could also prove profitable for companies like Squibb, Schering-Plough and A.H. Robins Co., which have many approvals pending.

Meanwhile, drug company research spending is on the rise. Such spending reached $2.5 billion, 7% of industry sales, in 1983. Most of this research is targeted for the treatment of chronic ailments—cancer, heart disease, arthritis. There is a basic, bottom-line concern at work here. Since patients take chronic disease drugs for long periods of time, such drugs are more profitable to produce.

Also, while it may seem cynical to say, it is nonetheless a fact that chronic disease pharmaceuticals may get a company noticed in the stock market. The $200 million Bristol-Myers Co. derives in sales from anticancer drugs gets a lot more attention than its 5% share of Bristol's nearly $4 billion sales would seem to warrant. Bristol-Myers commands a price/earnings multiple of 15, near the top of the industry, in part on the strength of this project. Likewise Warner-Lambert is touting its research into drugs that may treat genital herpes and Alzheimer's disease. Such clever marketing may help boost Warner-Lambert's current P/E of 12.

But with their generally low debt load and enviable cash flows, most pharmaceutical companies can easily afford a dalliance in the medical supply field at the same time. The risks here may be greater than they think, however.

Certainly, changes in Medicare reimbursement guidelines are bound to force hospitals, and hence doctors, to seek more efficient ways to deliver health care. It is by no means clear at this stage who will be helped and who hurt. Probably there will be fewer inpatient surgical procedures and increasing reliance on outpatient treatment and medication—the area the pharmaceutical companies emphasize in their prescription-drug research.

Certainly, changes in reimbursement guidelines will force hospitals to seek efficiency. But whether this will benefit low-tech medical suppliers is quite another question.

But whether the low-technology kinds of medical supplies made by a company like American Home Products will benefit as hospital management companies adjust to their new cost-consciousness is quite another question.

Naturally, pharmaceutical executives see the situation a little differently at the moment: "Because of uncertainty over the funding changes, hospitals will be reluctant to buy large items, such as ultrasound equipment," says Furlaud of Squibb, which gets 20% of its $1.6 billion sales from medical equipment. "But they will always need laboratory instruments and intravenous bags. That's where we come in."

But will the hospitals really care who makes those intravenous bags in the future, as long as they are cheaper? Does it have to be a Johnson & Johnson suture? Maybe they will discover that U.S. Surgical's surgical stapler is far cheaper, as well as more effective.

Warner-Lambert is no slouch, but look at the problems they have had with IMED. The medical equipment division has had problems bringing new products out on time and is plagued by management squabbles. These problems didn't surface until a year after Warner paid $468 million for the company.

At the moment, however, drug executives are flush with success, and concerned more about whether the dollar will weaken in 1984, thereby triggering a recovery in the industry's big overseas sales. The future looks bright indeed. Says Bill Miller, head of Bristol-Myers' prescription drug business: "We think the industry has one of its best years ahead." ■

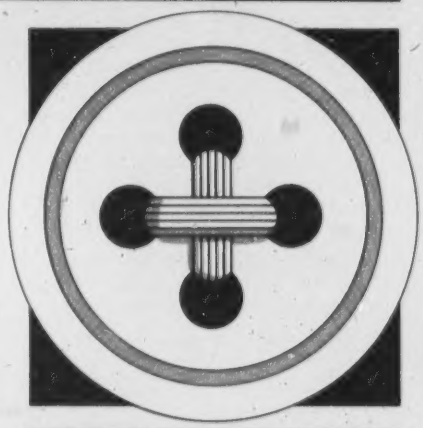
Drugs

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
SmithKline Beckman	1	35.1%	26.4%	0.1	2	31.2%	23.3%	15.3%	1	24.9%	1	27.7%
American Home Products	2	33.9	34.7	0.0	1	33.4	32.4	12.7	9	10.6	4	12.5
Merck	3	22.8	20.2	0.1	5	19.2	15.8	14.0	5	11.8	10	10.0
Bristol-Myers	4	22.6	22.9	0.1	3	21.0	21.5	10.2	8	10.9	3	13.4
Eli Lilly	5	22.0	21.7	0.0	4	20.6	19.4	14.7	3	13.9	6	11.0
G D Searle	6	20.8	22.8	0.3	7	16.0	18.7	16.0	13	5.9	2	17.3
Upjohn	7	19.1	15.5	0.4	12	14.0	11.3	7.8	6	11.6	5	12.1
Schering-Plough	8	17.9	14.4	0.2	6	16.5	12.0	10.7	2	14.4	12	5.4
Pfizer	9	17.8	20.2	0.3	11	14.2	16.7	11.6	7	11.2	8	10.2
Sterling Drug	10	16.3	15.4	0.1	9	14.4	13.3	7.1	11	9.7	11	7.8
A H Robins	11	15.6	17.8	0.1	10	14.3	16.6	10.5	10	10.4	8	10.2
Richardson-Vicks	12	14.9††	10.5	0.4	8	14.5††	9.2	4.5	4	12.6‡	7	10.7‡
Squibb	13	13.6	15.0	0.3	13	10.8	12.2	9.5	14	5.4	13	3.4
Warner-Lambert	14	11.4	16.9	0.6	14	8.0	10.2	6.3	12	6.7	14	–4.6
Industry medians		**18.5**	**19.0**	**0.2**		**15.3**	**16.2**	**10.6**		**11.1**		**10.5**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four-year growth.

The apparel industry spent the recession developing marketing strategies and cleaning house. The harvest began in 1983, and 1984 should be even better.



Apparel

By Laura R. Walbert

THERE HAS BEEN a transition within the apparel business," says Larry Pugh, chairman and chief executive of V.F. Corp. "Apparel makers are recognizing that they need a marketing approach, not just a manufacturing approach to merchandise."

Advice from the folks at V.F. is worth heeding. The $1.1 billion (sales) company, maker of Lee jeans and Vanity Fair lingerie products, steals the show on the Forbes Profitability Yardsticks for the latest 12 months with an impressive 37.5% return on equity and a 32.3% return on capital. That leaves giant Levi Strauss & Co., with sales of $2.8 billion the world's largest apparel maker and longtime industry profit leader, in the dust with its far lower 19.2% return for the same period.

The disparity is mainly attributable to different marketing strategies. With the jeans market flat at around $5 billion annually, Levi's tried to spur sales by mass marketing its jeans products through Sears and J.C. Penney. That strategy backfired, however, because it antagonized many of Levi's department and specialty store retailers. Some reduced or even dropped their Levi's line. A slump in Levi's international business only made matters worse.

Executives at V.F., in contrast, sought to prolong the life of the great denim bubble through the introduction of new products. V.F. was one of the first producers to come out with stretch jeans. In 1982 it introduced the more styled fashion jeans for women and brought out the Lee Dress Blues, which Pugh describes as "jeans with a dress-up look." As a result, V.F.'s share of the U.S. jeans market has risen from 2.5% to nearly 11% since 1980.

V.F.'s new product push extended to its Vanity Fair lingerie line as well. The La Femme de Vanity Fair collection of fashionable sleepwear products for the 25-to-35-year-old woman was added in 1983. "The young women's sleepwear market is a big one, and a market where we have been weak," says Pugh. "What we have tried to do over the past year and a half is improve our marketing expertise so

Apparel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Clothing												
VF	1	27.9%	37.5%	0.1	1	23.8%	32.3%	11.0%	4	12.0%	2	24.8%
Levi Strauss	2	24.0	19.2	0.2	2	21.3	17.4	7.0	2	15.5	5	14.8
Warnaco	3	18.9	18.2	0.3	3	14.1	15.6	5.5	12	5.2		D–P
Palm Beach	4	18.6	13.7	0.6	4	13.8	10.8	2.6	1	21.5	7	8.7
Oxford Industries	5	15.7	25.4	0.2	5	13.3	21.5	4.7	5	10.9	3	16.8
Blue Bell	6	14.4	11.1	0.2	6	12.8	9.7	3.9	3	12.4	9	3.0
Interco	7	12.2	9.2	0.3	7	11.0	8.5	3.6	6	9.8	8	4.1
Hartmarx	8	12.0	13.7	0.4	8	10.4	11.2	3.6	7	7.8	4	15.6
Cluett, Peabody	9	10.2	11.8	0.4	9	8.6	9.3	3.0	8	7.0	6	14.6
Phillips-Van Heusen	10	8.8	11.9	0.4	10	7.6	10.2	2.7	9	6.3	1	30.0
Kellwood	11	6.6	15.4	0.7	11	6.9	13.0	2.4	11	5.6	11	–7.4
Manhattan Industries	12	6.4	12.9	0.7	12	5.9	8.9	1.9	10	5.9	10	–1.6
Jonathan Logan	13	def	13.3	0.2	13	0.9	11.8	4.6	13	2.3	12	P–D
Medians		**12.2**	**13.7**	**0.3**		**11.0**	**11.2**	**3.6**		**7.8**		**11.7**

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. D–P: deficit to profit; not ranked. def: deficit.

it is as good as both our financial and manufacturing abilities."

That's just what every manufacturer ought to be doing, says a spokesman for New York-based consumer goods consultants Kurt Salmon Associates. "Companies like Warnaco, V.F., Oxford Industries and Kellwood were among the top performers in 1983 because they know where they are going long term, they've learned to live with the import situation and they think of themselves as marketers first," he says. To put it another way, the age of designer labels and brand names, off-price retailing and foreign imports (now 30% of retail sales) has made it essential for the manufacturer to become more sensitive to the retail end of the business.

For those that were, 1983 turned out better than most apparel makers had anticipated. Consumers opened up their pocketbooks and freshened up their wardrobes. During the second quarter, when real GNP grew 9.2%, clothing sales leaped an inflation-adjusted 18.7%, according to figures from Value Line. Rag trade executives are looking for another 10% growth in apparel sales in 1984.

Hartmarx' Austin Reed suits for women
A brand you can take anywhere?

Building a brand name is the classic way to upgrade your marketing effort in the apparel industry. That's what Oxford Industries, a newcomer to FORBES' list, has been doing. Less than a decade ago the $517 million (sales) Atlanta-based company was little more than a small producer of "commodity" apparel, selling mainly to J.C. Penney and Sears. But using brand names like Polo, by Ralph Lauren, for boyswear and Merona Sport for sportswear enabled Oxford to raise both prices and margins significantly. In 1983 Oxford's 25.4% return on equity and 21.5% return on capital was topped only by V.F. and Nike, the still-booming athletic-shoe maker (whose 30% return on capital, vs. a five-year average return of 65.6%, shows the first hints of strain in that crowded market).

And a round of applause for Jonathan Logan, a maker of women's apparel whose recently achieved 4.6% net profit margin is well above the industry median. Back from red ink on its five-year average, the company closed its money-draining knitting mill and cut some unpopular lines during the last few years—just the kind of slimming down so much of the rest of American industry has

Apparel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Textiles												
West Point-Pepperell	1	12.3%	13.3%	0.3	2	9.9%	10.8%	4.3%	1	10.5%	3	9.1%
Collins & Aikman	2	11.3	16.5	0.3	3	8.9	12.3	4.3	2	7.6	4	5.7
Cone Mills	3	10.9	4.8	0.1	1	10.0	4.8	2.4	9	4.0	6	2.1
Riegel Textile	4	10.3	5.4	0.3	6	7.8	4.6	1.9	3	7.4	7	1.6
Fieldcrest Mills	5	10.3	9.3	0.4	4	8.3	7.8	2.9	4	7.3	5	3.5
Springs Industries	6	9.1	8.0	0.1	5	8.0	7.3	3.7	5	7.0	2	17.1
Burlington Inds	7	7.5	7.7	0.4	7	6.1	6.3	3.0	7	5.3	8	0.2
M Lowenstein	8	6.6	10.5	0.4	8	6.1	8.3	3.2	11	1.8	1	72.9
Avondale Mills	9	5.6	12.2	0.1	9	5.3	10.5	3.5	8	5.1	9	–1.2
J P Stevens	10	3.4	2.9	0.6	10	3.9	3.6	0.8	6	6.2	10	–14.1
Graniteville	11	def	def	0.5	11	1.0	def	def	10	2.8	11	P–D
United Merch & Mfrs	12	def	def	0.7	12	def	1.4	def	12	–7.1	12	D–D
Medians		**8.3**	**7.9**	**0.4**		**7.0**	**6.8**	**3.0**		**5.8**		**1.9**
Shoes												
NIKE	1	77.6%	30.3%	0.1	1	65.6%	30.0%	6.7%	1	71.9%‡	1	71.6%‡
SCOA Industries	2	27.5	20.7	0.9	3	17.2	13.3	3.0	4	11.7	2	23.3
Melville	3	25.3	21.6	0.2	2	23.9	21.2	4.2	2	18.0	5	16.3
United States Shoe	4	20.5	19.9	0.2	4	16.7	17.3	5.0	3	12.1	4	17.4
Brown Group	5	17.5	17.5	0.2	5	14.4	15.1	4.4	5	9.4	3	19.1
Genesco	6	3.9	def	1.6	6	4.7	3.7	0.2	6	–7.2		D–P
Medians		**22.9**	**20.3**	**0.2**		**17.0**	**16.2**	**4.3**		**11.9**		**19.1**
Industry medians		**10.9**	**12.9**	**0.3**		**8.9**	**10.5**	**3.5**		**7.3**		**8.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. D–D: deficit to deficit. D–P: deficit to profit; not ranked. def: deficit.

needed. Now with 95% of its sales in women's branded apparel, such as Villager sportswear and Misty Harbor rainwear, Logan is in a position to enjoy the resurgence of brand names and America's renewed interest in denim-free dress. Dress sales for 1983 were up 25%, says Logan Chairman and Chief Executive Richard Schwartz. Especially popular were soft looks, such as sweater dresses and untailored blazers.

Like Oxford, Logan has been moving increasingly into branded goods as well as adding new product lines. Logan's "signature line," Etienne Aigner, originally was just a collection of leather goods. Today the Aigner line contributes 30% of company sales and an estimated 35% to 40% of operating profits. "In the last ten years, though, we've added items every season," says Schwartz. "We started adding raincoats in 1973-74. Knitwear was added four years ago. This past year we added button-down oxford shirts. It's been constant."

Chicago-based Hartmarx, the nation's largest manufacturer of quality men's suits, is also benefiting from the trend to more conservative dress. Male baby-boomers are now entering the suit years: The number of men in the 35-to-54-year-old bracket will grow 28% during this decade, compared with only 4% in the 1970s, according to Hartmarx Chairman and Chief Executive Jerry Gore.

Again, brand names are important. Capitalizing on the successful Austin Reed of Regent Street men's collection, which has grown to sales of $40 million in seven years, Gore expanded the Austin Reed name to women's suits in 1982. And Hartmarx' longstanding practice of selling to one retailer in each community has protected Hartmarx' brand names, such as Hickey-Freeman and Hart Schaffner & Marx, from the ravenous off-price retailers who would ruin the line's ability to command full price.

To reach the growing market for inexpensive suits (80% of all suits sold are priced at $200 or less), Hartmarx bought Kuppenheimer, a manufacturer and retailer of low-priced (under $150) suits in December 1982. Close to 50 stores were added to the chain in 1983, and at least that many will be added in 1984, says Gore.

Of course, a successful apparel maker also has to learn how to deal with imports. And brand names are good weapons in that battle as well, reports Gore. "Imports are for the most part not branded, and they do not compete effectively with brand names," he says.

There is more than a little bravado in that statement, of course. After all, imports do control a third of the U.S. market. And like the automakers, who are in a similar fix, many apparel makers are doing better by joining the enemy. "Oxford and Kellwood [a longtime Sears supplier of apparel and home furnishings] used to be the strongest bastions of 'Made in America or else,'" says Kurt Salmon's spokesman. "Well, Kellwood now owns Hong Kong-based Smart Shirts Ltd., and Oxford has some of their goods made in China, and they are both moving ahead beautifully."

Oak Hill Sportswear uses the same strategy. An $85 million (sales) apparel maker, Oak Hill turned up in the number two slot on FORBES' recent list of Up & Comer companies *(Nov. 7, 1983)* with a five-year average return on equity of 141.5%.

Currently more than 10%, and soon one-quarter, of the company's sales will come from marketing sweaters that are made in the Orient. "You can never be competitive with imports; the labor costs don't allow it," says Oak Hill President Joseph DeClemente. "But we have been able to watch the import market and be into items that either they don't make or that we can supply when they get backed up in their deliveries."

This doesn't mean the apparel industry has given up on competitive pricing. Companies like Warnaco, Palm Beach and Cluett, Peabody spent the last two years cutting costs by reducing inventories, dropping weak product lines and trimming overhead. The results are in the net profit margins. For Warnaco, the producer of such lines as White Stag, Hathaway and Puritan, the net profit margin improved to 5.5%, from 4.7% in 1982. Shirtmaker Cluett, Peabody saw its margin rise from 2.5% to 3.0%, and for Palm Beach, a maker of high-quality men's and women's apparel, margins rose to 2.6%, from 1.5%. In this industry those are impressive gains.

As for 1984, if the apparel companies are not careful, they might just have a great year. If that doesn't happen, they may have no one to blame but themselves. ■

No sagging sales here

By industry standards the $3.5 billion women's hosiery market has been experiencing runaway growth for the last year or two. Reason: the popularity of colored and textured panty hose.

The 1.3 billion pairs of hose that were shipped in 1982 represented a 7% increase over the 1981 shipment, says Sid Smith, president of the National Association of Hosiery Manufacturers. And over at Hanes Hosiery, a division of Consolidated Foods Corp., President Wade Harn reports delightedly, "Hosiery volume was up 8% in units between August and October [of 1983]. A normal increase would have been more like 2%."

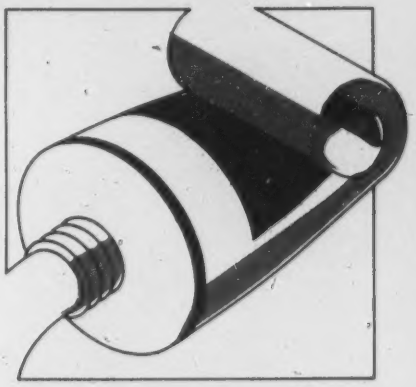
Colored panty hose
A recession success.

What has brought colored hose into the limelight? Smith has a theory: "We had a downturn in the economy and a more stringent attitude toward consumer spending at a time when people were thinking emotionally about dressing up. Consumers found they could dress up their outfits and change their total ensemble look by changing their hosiery. The new colors, patterns and styles that the hosiery manufacturers came up with played right into that trend."

Hanes responded by expanding the colors in its existing lines, introducing the new Coloralls brand and offering new colors and textures in its Oleg Cassini signature line each spring and fall. Says Harn, "Our volume in the Cassini line for the fall of 1983 was twice what it was for fall '82, which was twice the fall of '81." New colors and weights were also added to lower-priced L'eggs panty hose, another Consolidated Foods product, which sell through supermarket and drugstores.

Will the fad last? Says Harn, wistfully, "I wish I knew."—L.R.W.

Here we have consumers slowing down and the fragmentation of established markets speeding up. It's time to put on an unhappy face.



Toiletries and cosmetics

By Barbara Ettorre

RECOVERY STOPPED SHORT of cosmetics and personal care companies in 1983. Sales of the creams and lotions renowned for their resistance against hard times failed to go back into high gear when those hard times eased.

Unit sales of personal care items—shampoos and conditioners, deodorants, shaving creams, home permanents and facial care products—advanced only about 2% to 4% in 1983, instead of a normal 4% in a good year. Cosmetics, from the high-priced department-store lines to cheaper lines sold in drug and variety stores, did not fare much better. Fragrances pre-Christmas were actually flat because consumers were well-stocked with old stuff and found a dearth of new, well-priced, exciting scents in the marketplace.

The prognosis isn't good, either. Earnings should advance around 5% in the first half of 1984, sales perhaps 8%. That's nothing like the automatic 10% to 15% annual growth rate in profits in the late 1970s, when cosmetics and personal care companies could almost do no wrong.

So what is wrong?

Simply put, the consumer is becoming less free with her money. She may still want cosmetics as much as she always did, but now she's being more careful about buying them. The change is beginning to look at least semipermanent. The rate of women entering the work force has slowed, so there are fewer new salaries to tap for big growth. The end of the so-called ME generation has meant more customers less interested in peer pressure, people who would rather not pay for glamour or prestige, either in the product or the store where they might buy it. "Consumers aren't so narcissistic now," sums up Allan G. Mottus, an industry consultant. Now what could be worse for a cosmetics company?

Bargain-hunting in the toiletries section of a discount drugstore
"Not so narcissistic now."

Companies somehow have to tease more of their sales growth from customers who have exhausted their at-home inventory, rather than from impulse spenders drawn to the latest hot item. This is a disconcerting prospect for the most hype-conscious of all manufacturing industries.

How has the industry reacted? Mostly by trying to keep list prices intact and the aura prestigious. But that has led only to more diversion. Diversion? High-priced, high-markup cosmetics are typically sold "exclusively" to toney retailers in order to keep up the product's image. But more than ever they mysteriously appear, diverted, on the déclassé shelves of Sly Sam's Cheap Stores at a large discount.

Couple this spreading practice with across-the-board reluctance on the part of prestige retailers to stock full inventories and tie up valuable cash, and you can certainly understand why manufacturers turn a blind eye knowing that middlemen are diverting merchandise.

The old ways don't seem to work anymore. Even imitation fails to pay as it used to. Now, "There are too many chickens out there, too many 'me-toos,' " explains Henry G. Walter Jr., chairman and CEO of International Flavors & Fragrances.

The days of 35 new fragrance introductions a year are also gone. It's too expensive now—advertising and marketing costs leaped at least 10% in 1983—and the consumer is less responsive. "Their lifestyles are more pluralistic," says consultant Mottus, "so a manufacturer's expenditures don't give enough return to warrant the cost." The audience for any single product is simply getting too segmented. So when Chesebrough-Pond's aggressively promoted its inexpensive Aviance Night Musk and

Cachet Noir women's fragrances in 1983, Chesebrough also saw the increased ad costs eat away most of the potential profits.

The international picture, historically profitable, is just as cloudy. Sales in Europe are soft, and in South America a disaster. (The collapse of raw material prices, raging inflation and precarious loan positions have staggered Latin America's heretofore reliable middle-class buying.) Clearly, such companies as Colgate-Palmolive, American Cyanamid and Kimberly-Clark are rethinking their international businesses—accounting for, respectively, 57%, 51% and 28% of profits as recently as 1982.

Under all this pressure, the manufacturers are fighting here at home to carve narrower niches where they think they can hold their own. The increased fragmentation of the market has the players themselves confused. Consider the shampoo market. The plethora of new brands finds some of the big guns like Procter & Gamble (Head & Shoulders brand), Revlon (Flex) and Gillette (Silkience) being pushed around by aggressive littler guys like Helene Curtis (Finesse).

The lure is too great: The American shampoo market is about $1.2 billion at retail. Even a 1% share means $12 million. And shampoo is an easy-entry category requiring no great capital investment, except formula and packaging—but ultimately, of course, heavy ad spending.

Redken Laboratories continues its pricey hold on beauty salon customers. Lamaur, a $75 million (sales) Midwest company, has a 2% market share with its Style shampoo and is introducing Perma Soft, a shampoo for permed hair. Altogether, scores of brands vie for a piece of the shelf space, and bigger companies worry. As William J. Ryan, president of Gillette's personal care division, says, "To the extent that smaller companies are segmenting the market, I have to think that this is making the business more competitive."

Segmentation may make money in the shampoo market. Not so in other areas. When does a new product begin to steal market share from an established brand? Some companies think they are better off pumping money into an established brand, avoiding the risk of wasting it on a flop. Gillette, whose Right Guard deodorant has earned $500 million in profits since its 1960 introduction, spent $30 million in 1983 to market an upgraded formula that stopped a protracted sales decline. In fact, ad budgets for all toiletries and cosmetics companies were up 24% for just the first six months of 1983. For 1984, concerns like Revlon, Gillette, Richardson-Vicks and Chesebrough-Pond's are boosting their marketing budgets for established brands alone by as much as 15%, figuring that a brand in the hand is worth two on the drawing board.

The results of the consumers' tightfistedness show up all too clearly in the accompanying tables. Six of the nine companies in this category saw their return on equity drop noticeably below their five-year averages. Some very noticeably—like heaviest loser Avon Products, whose traditional door-to-door business continues to find fewer women at home when the Avon lady rings the bell. And Revlon, whose ROE is half of its five-year average because of heavy advertising and flat sales for most of 1983. The few gains in ROE by Procter & Gamble, Gillette and Colgate-Palmolive were overshadowed by such declines.

Overall, this category's ROE fell in 1983 to 15.2%, from 17.7% in 1982, even though the median for all industries dropped only slightly, to 12.6%, from 12.7%.

Net profit margins, clustered for the most part below 7.4% (except for IFF's traditionally high return on sales), also dropped, from 6.7% in 1982 to 6%, even as the all-industry margin rose slightly, from 3.4% to 3.5%. But that was small potatoes compared to what happened to the five-year earnings-per-share average. That figure dropped from 12% in 1982 to 8.5%. The all-industry average also dropped, due to the recession, but less precipitously—from 12.3% to 9.4%.

Are there any bright spots? Body sprays—inexpensive deodorant-fragrance products popular in Europe—are being introduced by Lever Brothers, Gillette, Carter-Wallace and Fabergé. Gillette's Ryan estimates the category could produce a total of $70 million at retail in 1984.

Otherwise, the world of lotions and potions is not pretty. As Roger Shelley, Revlon's vice president of corporate affairs and investor relations, very unhappily summed it up: "It's becoming patently obvious that it's a matter of which marketer is taking shares from other marketers, not industry growth as a whole." ■

Toiletries and cosmetics

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Avon Products	1	23.5%	14.9%	0.2	1	23.1%	11.7%	6.0%	3	12.1%	7	3.4%
Chesebrough-Pond's	2	21.3	19.2	0.2	3	17.5	16.3	7.3	2	14.3	1	13.4
Intl Flavors & Frag	3	21.3	19.7	0.0	2	20.1	19.0	14.5	6	9.7	4	10.4
Procter & Gamble	4	19.7	20.1	0.2	4	15.4	15.7	7.0	4	11.3	3	11.8
Gillette	5	18.7	19.7	0.4	5	13.9	14.2	6.5	8	8.3	5	8.5
Kimberly-Clark	6	17.9	12.0	0.2	6	13.9	9.5	5.3	5	11.2	2	12.7
Revlon	7	14.7	7.6	0.3	7	12.7	6.4	4.0	1	17.5	6	5.4
Colgate-Palmolive	8	14.3	15.2	0.2	8	11.7	12.6	4.1	9	7.5	8	2.5
American Cyanamid	9	11.5	9.7	0.3	9	8.9	7.9	4.3	7	9.4	9	1.8
Industry medians		18.7	15.2	0.2		13.9	12.6	6.0		11.2		8.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.

Domestic cigarette sales may be trailing off, but even in a bad year tobacco profits are far better than anything else these companies buy into.

Tobacco

By John Merwin

THE NUMBER of cigarettes sold in the U.S. declined more sharply than ever in 1983, perhaps by as much as 6%—nearly 40 billion smokes—according to year-end estimates by R.J. Reynolds Industries. In 1984 unit sales, at best, are expected to be up slightly. Some observers suggest sales may be down again.

For the better part of two decades tobacco giants have been preparing for days like these by diversifying into soft drinks, beer, oil, steak sauce, liquor, food processing, insurance and shipping. Wall Street has applauded them for these efforts all the way.

Trouble is, the harder the tobacco companies try to diversify away from tobacco, the more they seem to earn selling cigarettes. Year after year tobacco majors have continued to earn the major share of their considerable profits from cigarettes. And 1983 was no exception. Philip Morris' cash flow ran about $1.2 billion, most of it from cigarettes, which account for about 60% of its assets. About half of Reynolds' $1.5 billion cash flow stemmed from tobacco (30% of its assets). Loews (owner of Lorillard) and American Brands, Inc., respectively the fourth- and fifth-largest domestic cigarette producers, still rank among the overall profit leaders on the Forbes Yardsticks, thanks to cigarettes. And this ranking comes despite the fact that Loews is principally an insurance conglomerate, while American Brands in recent years has channeled most of its $445 million annual cash flow into nontobacco businesses.

In fact, things are so bleak in tobacco that Philip Morris, which puffed past R.J. Reynolds to become the nation's leading cigarette producer, has been spending roughly $500 million a year on new tobacco production facilities and high-speed cigarette rolling machines. Number two Reynolds has launched a ten-year, billion-dollar capital improvement program for its tobacco operations.

Now, granted, even cash cows have to be fed now and then. But these are big numbers. Have PM and RJR lost their heads, throwing such good money into an obviously shrinking business? Hardly. Companies like PM and RJR haven't usually topped 20% on the Forbes return on equity Yardsticks below by making foolish investments, at least not in tobacco.

Fact is, if you have the market share, there's no business like a mature or even a shrinking business—if it's shrinking this slowly, and this lucratively.

In fact, reports of tobacco's death may be greatly exaggerated. Suppose, at the worst, U.S. cigarette sales in 1984 slip to 590 billion smokes, from about 600 billion in 1983. One reason for last year's decline undoubtedly is the unusually sharp federal, state and local tax increases tacked on in 1983. That helped drive up the price of a pack of cigarettes about 25%, depending on retail location. At most stores prices topped a dollar a pack. Given so

Tobacco

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Philip Morris	1	23.7%	23.7%	0.9	3	13.1%	12.4%	6.8%	1	18.6%	3	18.2%
Loews	2	22.5	22.2	0.5	4	12.6	14.1	5.8	3	11.9	1	21.8
American Brands	3	22.1	19.5	0.2	1	16.5	15.2	5.6	4	8.6	4	18.0
R J Reynolds Inds	4	20.1	16.1	0.3	2	14.6	11.5	5.6	2	16.0	5	10.9
Culbro	5	17.1	7.2	0.5	5	10.7	7.0	1.4	5	3.7	2	19.1
Industry medians		**22.1**	**19.5**	**0.5**		**13.1**	**12.4**	**5.6**		**11.9**		**18.2**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.

extraordinary a price hike, the decline in unit sales in 1983 may have been only a momentary dip, rather than the beginning of a long-term decline.

Certainly, those manufacturers with commanding market shares don't sound worried. Frequent price increases generally cover inflation, and when you're selling 600 billion cigarettes a year, the leverage of a little price hike is tremendous. Says Philip Morris Chairman George Weissman, "On a dollar base per pack, if prices are increased 3%, that's only three cents to the consumer. But to manufacturers it's a billion dollars in available profit. So even if cigarette sales drop to 590 billion or 580 billion, we're talking minuscule changes."

Reynolds Treasurer John Dowdle points out that real earnings gains in tobacco come by increasing production efficiences and market share. Twenty years ago machines rolled only 1,200 cigarettes per minute. Today's state-of-the-art machines spew out 8,000 a minute. That's one reason cigarette operating earnings run about 15% to 20% of sales.

Despite Wall Street's concern about the future of tobacco, companies such as Reynolds and Philip Morris are still reaching for more market share. Blessed with megabrands like Winston and Marlboro, they enjoy distribution efficiencies that smaller tobacco players can't match.

Why go to that effort in an industry that has limited growth at best? Because the market leaders are planning to live off market stragglers and the faint of heart. Take Philip Morris, the purest of the major tobacco companies, with 60% of its assets, 67% of sales and 90% of operating profits in tobacco. Says PM Chairman Weissman, with a confident drag on a Players cigarette: "If anybody gets discouraged with tobacco, we will take on their share of market, their unit growth and their everything else." Weissman continues: "Look, in 1964 cigarettes were selling for about 28 cents a pack. Now they cost 3 or 4 times that, and our industry is still selling 25% more cigarettes. That isn't a brilliant record, but it isn't a bad one, either." Another point worth noting: Even though domestic sales are down, foreign consumption continues to move up, which bodes well for U.S. tobacco companies, especially if the dollar weakens.

Companies with smaller market share take a different approach. In effect, they are borrowing from tomorrow in tobacco, betting that diversifications will make up for sliding or stagnant cigarette market shares. American Brands has been among the most aggressive advocates of investing tobacco cash flow outside the industry. Last year the company spent about $550 million on acquisitions, while its tobacco capital expenditures totaled only $54 million. Of its nontobacco businesses, insurance, liquor and food products have shown the best returns. Recently American Brands struck a deal to acquire Southland Life Insurance for $352 million, an amount roughly equal to a year of domestic tobacco's operating profits.

For companies with stronger market share, however, diversification remains a mixed blessing, at best. While Reynolds enjoys good returns in oil, its 8% operating margin in food and beverages pales beside tobacco's 14%. Reynolds, which sees itself as a $13 billion consumer packaged goods manufacturer, is struggling with low margins in its Del Monte division. "I don't think we can change the fundamentals of the processed food business," explains Dowdle, "but we can use it as a building block to move into higher-value-added food businesses." The idea: Del Monte will become the conduit for Reynolds' higher-margined liquor, wine and grocery products, acquired 15 months ago in RJR's $1.6 billion purchase of Heublein.

Philip Morris' Weissman says he is willing to accept lower nontobacco returns "to keep an anchor to wind-

The smokes with no name

The most surprising development in cigarette marketing last year was the continued growth of generics. Generic cigarettes, which sell for $2 a carton less than "branded" smokes, are simply labeled "cigarettes" or, in major supermarket chains, bear private labels like Safeway's Scotch Buy.

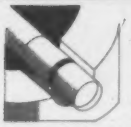
Generic smokes emerged four years ago after major supermarkets launched broad lines of generic goods—unbranded packages of peaches, paper towels and so forth—for consumers on a tight budget. Supermarket chains figured generic cigarettes might sell, too, and they were right.

After the first three years generic cigarettes captured 0.8% of the market. That may not seem like much, but it's considered a promising start in the tobacco business, where a mere 1% share means $180 million in retail sales. Surveys now indicate that in 1983 generic sales neared a 2.5% share, certainly a marketing coup.

Naturally, executives at Philip Morris and R.J. Reynolds doubt the staying power of generic cigarettes, assuming the recession lifts. After all, Madison Avenue has brainwashed consumers into thinking that their choice of cigarette is a strong statement about what kind of person they are. Smokers of Marlboros, for example, are told that they are saying, "I'm the rugged individualistic type," while those who puff the newer Players are supposedly saying, "I'm a swinger." Who would want to make the cheapskate statement of plopping down a pack of less expensive Scotch Buy smokes at the local tavern? Answer: more people than anyone suspected.

Happiest about the generics' success is Liggett & Myers, a onetime cigarette powerhouse that faded with its old-line brands, L&M, Lark and Chesterfield. Today nearly all of the country's generic cigarettes are rolled in Liggett's Durham, N.C. factory. Buoyed by rising generic sales, Liggett is now test-marketing two new nongeneric brands and is even trying to revive the once-strong L&M franchise. That's a tall order for Liggett, which even with generics has only a 4.2% toehold in the cigarette marketplace. Nevertheless, Liggett Marketing Vice President Hal Grant says the company's parent, London-based conglomerate Grand Metropolitan, is pleased with Liggett's revival and is backing the company with all the dollars it needs. And Grand Metropolitan, which makes part of its living making book at the racetracks, ought to know a good bet when it sees one.

Smokers try Liggett's generics initially because of the 20-cents-a-pack saving, says marketing director James Dowd, then stick with them when they discover the quality is up to that of regular brands. But what about the absence of "image" or "personal message" when smoking generics? Says Dowd, "Generic smokers are making a personal statement, all right: 'I don't have to subsidize billboards.' "—J.M.



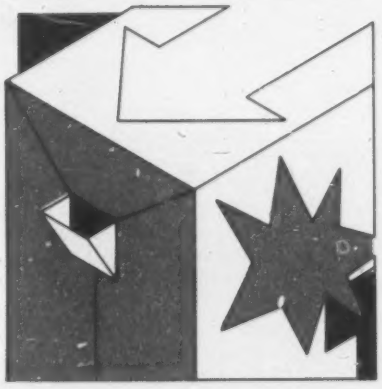
ward." In order to invest in both tobacco and diversification, PM carries $3 billion in long-term debt. Weissman bristles at suggestions that PM's $2 billion investment in Miller Brewing, with its wobbly 5% operating margins, has done little for the company: "Our entire investment in beer at this point is under $500 million on the intracompany account because of Miller's earnings flow, depreciation and tax credits. And this year we'll make over $100 million in beer."

But what about the $500 million PM sank into Seven-Up that is returning almost nothing? Dr Pepper, which is in similar shape, is on the block. "I don't know if we can make Seven-Up work," Weissman says. "It depends on the extent to which Coca-Cola wants to drive out everybody else and also on who has the staying power." PM has staying power, but is it worth the trouble?

Why not reinvest that billion-dollars-plus cash flow in tobacco directly, or at least indirectly, by buying back the company's relatively cheap stock, selling recently at 10 times earnings? Wouldn't that $2 billion invested in Miller over the last 13 years have brought a better return in T bills? "We are operating people," Weissman says. "We are not bankers. We are not money market swingers like Baldwin-United, which had a lovely piano business. Sometimes we may not act in the shareholders' best short-term interests. But anyone who looks at the company's 20-year record will see that in the long term we have acted in their best interest."

It's hard to quarrel with that. ■

Glass is out, plastics are in—as long as the price of oil stays as depressed as it is. Meanwhile, shifting assets is costly for the packagers.



Packaging

By Ellen Paris

REMEMBER the party scene in the 1967 film *The Graduate* in which a well-intentioned executive gives some career advice to young Dustin Hoffman: "Plastics!"?

Well, we have come full circle since the late Sixties. With the price of oil depressed at the moment, petrochemical-based plastics are once again returning to haunt packaging companies still dependent on glass. In the all-important soft-drink market, glass dropped from a near 60% of the market in 1977 to around 44% today and is still falling. At the same time plastics has climbed from virtually nil in 1977 to about 22% today.

"We think plastic has preference over glass today, and we don't want to fight the trend," says Robert Lanigan, president of Owens-Illinois, often dubbed a pale blue chip because of its persistently anemic profitability. As the nation's largest glassmaker, O-I's five-year average ROE at 8.6% has barely kept pace with inflation. In 1983 Lanigan established a $28 million aftertax reserve against costs of closing a portion of O-I's glass capacity. He will concentrate instead on expanding the company's plastics division, which makes plastic containers for the food, cosmetics, pharmaceutical and beverage industries and which will account for 25% of O-I's business in 1984, vs. 16% the year before.

The same costly asset redeployment is happening at most other glass companies on the Yardsticks rankings. Once highly profitable Brockway, Inc. (NY)—based in Brockway, Pa. and one of the country's largest glassmakers—with around 80% of its sales tied to glass, has earned on average just 7.3% on shareholders' equity over the last five years. Take out inflation and you get red ink. In 1983 it earned no more than 4.5%—as pitifully inadequate as the interest on your savings account. Clobbered over the last few years when its major customer, Miller Brewing, began switching more of its premium beer packaging from glass bottles to cans, Brockway threw in the towel. Not only has it closed and written off a glass bottle plant in Washington, Pa., it is being very selective rebuilding its glassmaking furnaces. It is redirecting some of its cash flow to its profitable commuter airline division, including Crown Airways, Clinton Aero and Air North, which serve several northeastern markets. That's spelled DEFEAT.

It's the same story at ever-mediocre Anchor Hocking. Management cashed in its chips last year and sold its glass container operation in a leveraged buyout to Wesray Corp. Some of the proceeds were used to pay off short-term debt. Anchor Hocking President and CEO J. Ray Topper is undecided about what he will do with the rest of the $52 million in cash. "We kept throwing money back into glass," explains Topper, belaboring the obvious, "but it wasn't throwing off enough cash."

So why is Ball Corp. hanging right in there at the top of the industry Yardsticks? Everyone knows that Ball, as in Ball jar, is a glassmaker. Yet there it is with an unbeatable 12-month return on equity of 16.2%, nearly three times the packaging industry median. The answer, of course, is that Ball saw plastics coming and did something about it. For several years Ball has been diversifying away from glass and into the aerospace industry. Ball supplies technical products, like satellites, electro-optical sensors and antennas to NASA and the military. The company also provides copperplated zinc blanks to the federal mint, which turns them into pennies. In this niche,

Ball is—figuratively and almost literally—coining money.

Niche-hunting also explains the successes of New Hampshire-based Tyco Laboratories and Sonoco Products. Tyco makes automatic fire sprinkler devices, printed circuit boards, underwater communications cable and flexible packaging materials. Sonoco is a specialty producer of composite cans, plastic grocery sacks and wooden spools for wire and cable. If that sounds boring, note that Sonoco, with very little debt, earned over 14% on shareholders' equity last year, second only to Ball.

For the big packaging companies, with so much of their assets committed to glass, the plastics challenge is no joke. The assault began in a small way after World War II in stopett deodorant packages, and in the early Sixties gained momentum in the bleach market. But it really gathered force in 1977, when the two-liter PET (polyethylene terephthalate) bottle, aimed at soft drinks, was introduced.

Prior to the introduction of the PET bottle, Monsanto in 1973 came out with a plastic soft-drink bottle. It was made with a material called Lopac, which was believed to contain possible cancer-causing agents. It was subsequently taken off the market. The PET bottle was developed using a different resin that has not caused any problems with the FDA. The PET bottle protects against light and climatic changes; however, all the printing is done on an attached label and not directly on the bottle. From nothing, two-liter PET bottle shipments rose to about 500 million units in 1978, and to 2.5 billion in 1982.

There are signs of overcapacity in the two-liter PET market. Prices have been soft. But the fact remains that Dorsey Corp. (sales: $450 million), which has been able to hang on to about 30% of that market, earned nearly 14% on equity in the latest 12 months. That's an impressive improvement on its five-year average and better than twice the industry average.

The new bottle laws are yet another headache for glassmakers. In New York State, retailers must now charge a minimum five-cent deposit on every soft-drink or beer container sold. The retailers must then refund that nickel on every container brought in. This is a major headache for the retailers, who must inventory the old containers. To ease the pain, they can be expected to stock lighter-weight cans and plastics that don't break—in place of glass, which does.

Plastics have been less successful competing with metal cans. In the soft-drink market in 1983, plastics' 22% market share pared that of metal cans from 30% in 1977 to 26%.

This could change, however. In 1981, Dorsey began shipping a half-liter (16.9 ounce) PET bottle. This would undoubtedly have chipped away at both glass and cans had it not been for production snags that kept its price around 20% above glass' price. But most of the production problems have been worked out, and the smaller PETs' volume should increase in 1984. Again, the company to watch is little Dorsey, which has 50% of the half-liter PET market.

Although Owens-Illinois has a chunk of the PET market, for the most part the old-line companies find themselves out in the cold, sweating off uneconomic assets. Continental Group, which over the last five years earned a respectable 12.5% return on equity, has unloaded $1 billion worth of assets over the last two years. "We have finished cutting the barnacles off our hull and we're ready to set sail," says Continental Chairman and CEO Bruce Smart. Also in CG's writeoffs was its two-liter PET bottlemaking business, allegedly because Smart thinks the PET bottle has already reached the saturation point. Continental, says Smart, will concentrate on more specialized, and less competitive, plastic products like household and food containers. Smart also plans to expand Continental's growing life insurance subsidiary, which has over $1.7 billion in assets.

Heavily leveraged American Can, with a dismal 4.3% five-year-average return on equity on the industry Yardsticks, is also redeploying assets—for obvious reasons. It is concentrating

Packaging

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	26.5%	13.2%	0.6	1	14.5%	8.9%	3.4%	1	31.2%	1	21.6%
Sonoco Products	2	16.9	14.2	0.2	2	13.8	11.4	4.8	3	15.5	3	12.3
Ball Corp	3	16.5	16.2	0.5	3	10.8	11.0	4.3	4	14.0	2	13.3
Stone Container	4	14.7	1.6	0.8	7	8.6	1.4	0.6	7	10.8	6	6.7
National Can	5	12.6	5.5	0.4	5	9.1	4.8	1.2	8	9.7	4	10.6
Continental Group	6	12.5	9.5	0.5	6	8.8	6.9	3.6	12	7.4	5	7.2
Crown Cork & Seal	7	12.1	7.9	0.0	4	10.6	6.9	3.3	10	7.5	7	6.2
Dorsey	8	9.9	13.6	0.5	8	7.4	10.2	2.6	2	15.5	8	6.0
Zemis	9	9.6	6.0	0.4	9	7.1	5.5	1.5	14	2.0	9	5.0
Owens-Illinois	10	8.6	2.6	0.4	15	6.3	2.9	1.0	10	7.5	10	1.6
Brockway Inc (NY)	11	7.3	4.5	0.3	11	6.0	4.2	1.2	5	12.0	11	–4.1
Anchor Hocking	12	7.1	def	0.3	12	6.0	0.1	def	9	8.0	12	–5.8
American Can	13	4.3	6.7	0.7	13	4.2	6.5	2.3	13	6.0	13	–17.7
Kerr Glass Mfg	14	1.5	def	0.5	14	4.6	def	def	6	11.9	14	–36.9
Industry medians		11.0	6.4	0.5		8.0	6.0	1.9		10.3		6.1
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
def: deficit.

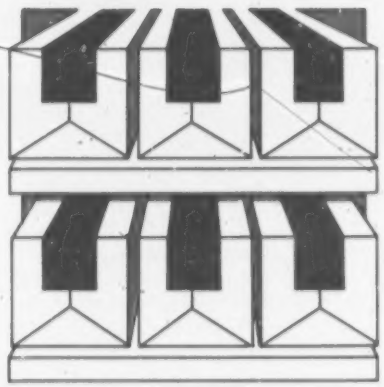
on multilayer plastic bottles for such customers as Heinz ketchup. American also produces laminated tubes for toothpaste, and has begun marketing chewing-gum-in-a-tube, Pubble Gum, for Wrigley. But don't expect overnight growth. However, says Dave Parker, executive vice president in charge of American Can's $2.2 billion packaging business: "We are looking at the medical and pharmaceutical areas for immediate growth." Meanwhile, recently appointed Wall Street-bred Vice Chairman Gerald Tsai Jr. has been adding to American's trendy financial services segment *(see* FORBES, *Sept. 12, 1983)*, and major acquisitions outside of packaging, financed by the sale of existing assets, are a distinct possibility.

Compare that with National Can, which for the last five years has a return on equity three times that of American Can. It has done so by sticking to and improving on the packaging businesses it knows. Trendy acquisitions? National Chairman and CEO Frank W. Considine paid a rock bottom, below book $58 million for four glassmaking plants from Kerr Glass in September. After all, the price of oil, and hence plastics, won't necessarily stay depressed forever. Around 50% of the Kerr plants' capacity was dedicated to Anheuser-Busch. National expects to sustain those sales levels. A natural for National, which already did a substantial can business with Anheuser. Says Considine: "We figured that, since many are deemphasizing glass, now is the time to buy in." Considine is betting that a declining commodity market becomes in time a specialty market. "We see beer as the last beverage to go plastic," he says.

Considine may be right. But for now the advance of plastics looks unbeatable. Plastics captured a large segment of the edible oils markets last year. Next is booze: Jim Beam recently began offering consumers in New Jersey, Nevada and Arkansas bourbon in a 1.75-liter plastic bottle from Continental Group. Several California vintners are testing wine in three- and four-liter plastic jugs. "Plastics," says Merrill Lynch's Palm, repeating *The Graduate's* exec, "has the potential to take over everything."

For a while, anyway. ■

It costs more and more money to stay alive in the wholesaling game. And so the wholesalers dwindle down. . . .

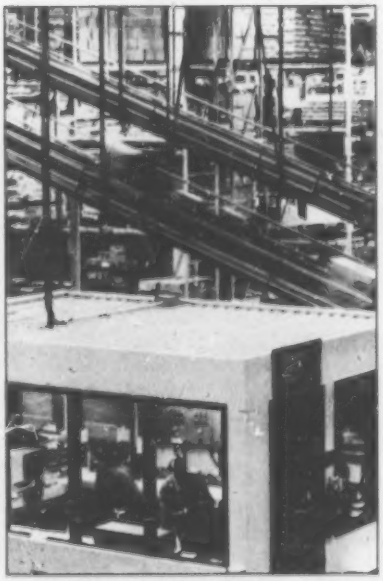


Wholesaling

By Richard Greene

FOR WHOLESALERS productivity isn't meaningless cant that is bandied about by corporate consultants who really don't know much about running a business. It is what you do when you need to survive. In a business where profit margins generally run around 1%, there isn't much room for error.

No surprise, then, that cost-cutting efforts among wholesalers seem to have been rewarded in 1983. It was a year in which a practically nonexistent inflation rate for food products—certain products like pork and chicken even saw a certain amount of disinflation—combined with 5% or 6% increases in costs to squeeze many food wholesalers. "We're dealing in small fractions because of our margins," says Robert Cohn, chairman of CFS Continental. "If there was no inflation in product line or operating expenses, then we'd be okay. But when operating expenses are going up and the products you sell do not. . . ."



Fleming Cos.' Oklahoma City warehouse **An electronic umbilical cord.**

Yet medians on both return on equity and return on total capital dropped a minimal tenth of 1%. While a few firms, notably Farm House Foods and its 51%-owned Scot Lad Foods—two of the highest debt-to-equity ratios in the industry—suffered greatly, most of the rest emerged from the year in good shape.

A quick glance at 1982's industry rankings shows that the food wholesalers racked up a median 0.8% net profit margin, the exact margin the industry showed in 1983. So, although productivity gains in this industry may not have shown themselves with crystal clarity this past year, they were there. They had to be, for the industry to make up that extra 5% or 6% in costs.

"The security analysts see a falloff and are concerned," sums up Richard Harrison, chairman of Fleming Cos. "But what they don't realize is that the bottom line has improved because the real dollar gain is higher today

than it was a year ago. A 5% gain on a zero rate of inflation is better than an 11% gain and 10% inflation."

A point many investors and more Wall Streeters carelessly overlook. Somehow it takes a businessman to home in on the difference between taking in real money and writing up bookkeeping profits.

Meanwhile, even some of the firms on the low end of the Forbes Yardsticks are optimistic about next year. Jack Twyman, chairman of Super Food Services, which is ninth on our list based on five-year return on equity, but had the second-highest return on equity for the latest 12 months, can hardly get himself to talk about anything but confidence: consumer confidence, retailer confidence, wholesaler confidence. "We're seeing reluctance to invest at retail ebbing," he says. "While our customers have put off capital expenditures over the last few years, they feel now is the time to expand their locations and invest in the future of their business."

Economic recovery seems to be rippling through the types of items wholesalers are moving. "It's going from the lower-priced products to the higher-value, higher-quality products," says Harrison, whose Fleming Cos. is a $5 billion food wholesaler based in Oklahoma City. "From the lower-priced frozen food dinner to the higher-priced, quality frozen-food dinner; from less expensive breads to more expensive baked goods."

All this portends higher volume, of course. But consumer sentiments are not the most durable evidence of good times to come. Improved labor contracts may be a somewhat longer-lasting bit of good news for the wholesalers. Contracts signed in the past year or so promised annual increases in the neighborhood of 4%, compared with almost 10% only three years ago. "That's a significant insurance policy for the future," says Harrison of Fleming Cos. "It's our single largest cost-saving factor," agrees Cohn, of billion-dollar-plus CFS Continental.

Still, after getting labor to accept lower wage increases, the next productivity gains are somewhat harder to come by. And a recovering economy is not enough by itself to spell success in this business. Think about it. If a firm has margins of 1% and it can pick up 5% of real, after-inflation growth, it's doing pretty well. But a 0.1% increase in its margins will bring twice that much profit to the bottom line. Clearly the route to real success is to increase margins at the same time as revenues.

For most wholesalers, future productivity gains seem to lie in the improved use of computers. Inventory turnaround is critical, and wholesalers are concerned about picking up not just weeks or days, but hours. To that end, most of the large wholesal-

Wholesalers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Food distributors												
Super Valu Stores	1	26.8%	22.6%	0.6	1	18.5%	16.2%	1.3%	5	15.5%	2	20.4%
Sysco	2	19.7	18.2	0.4	2	15.4	13.9	2.0	2	18.6	1	20.7
Fleming Cos	3	18.2	17.1	0.6	5	12.8	11.1	0.8	7	13.6	6	11.7
Malone & Hyde	4	17.5	19.0	0.4	3	13.5	14.7	1.3	6	15.1	7	10.0
Flickinger	5	16.2	17.4	0.6	4	13.2	12.5	0.8	9	11.7	4	13.0
Nash Finch	6	14.4	13.4	0.4	6	11.5	10.9	1.0	10	10.7	9	5.0
CFS Continental	7	13.1	14.8	0.7	8	9.5	10.7	1.4	8	12.4	5	13.0
Wetterau	8	13.0	14.6	0.5	7	10.2	10.3	0.8	3	16.1	10	2.0
Super Food Services	9	12.8	19.3	1.3	10	8.8	10.0	0.5	4	15.6	8	6.3
Farm House Foods	10	10.5	1.3	1.9	9	9.4	6.8	0.0	1	38.7	12	–4.7
Pac Gamble Robinson	11	8.9	6.3	0.8	11	7.7	6.4	0.4	11	7.5	11	–3.0
Di Giorgio	12	8.0	5.4	1.0	12	6.2	4.8	0.7	12	5.9	3	14.3
Scot Lad Foods	13	3.8	def	1.1	13	4.4	2.3	def	13	1.9		D–P
Medians		**13.1**	**14.8**	**0.6**		**10.2**	**10.7**	**0.8**		**13.6**		**10.9**
Other wholesalers												
Phibro-Salomon	1	36.5%	25.1%	0.4	1	28.1%	19.0%	1.5%	1	31.3%	2	29.3%
Bergen Brunswig	2	19.5	19.4	0.6	4	15.2	15.4	1.3	3	19.8	1	40.6
Std Comml Tobacco	3	19.4	13.9	0.3	2	16.3	13.2	2.1	2	22.7	6	12.7
Universal Leaf	4	19.0	17.8	0.2	3	15.8	13.9	3.6	11	7.6	5	14.6
Alco Standard	5	18.0	14.3	0.4	6	13.1	10.8	2.0	4	16.4	7	10.1
Amer Hospital Supply	6	17.1	18.2	0.1	5	15.0	16.3	6.8	5	15.1	3	15.4
Dibrell Brothers	7	15.4	20.4	0.3	8	12.1	13.8	2.9	8	9.0	4	14.7
McKesson	8	15.3	12.8	0.5	9	10.6	9.6	1.5	10	8.0	9	6.1
Univar	9	14.8	7.2	1.1	10	–9.7	5.9	0.7	9	8.4	8	8.7
Lowe's Companies	10	14.7	19.5	0.3	7	12.1	16.2	3.2	6	11.7	10	4.9
Amfac	11	8.4	def	0.8	11	6.3	def	def	7	10.2	11	–2.1
Medians		**17.1**	**17.8**	**0.4**		**13.1**	**13.8**	**2.0**		**11.7**		**12.7**
Industry medians		**15.4**	**16.0**	**0.6**		**12.1**	**11.0**	**1.3**		**13.0**		**11.7**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
D–P: deficit to profit; not ranked. def: deficit.

ers have installed complex inventory control computers, not only in their own operations, but in their clients' operations as well. When the store manager at your local supermarket decides he needs to order Wheaties, he doesn't have to talk with anyone. He just waves an electronic wand over the product label on the shelf, and then uses the telephone lines to relay that order to the wholesaler. With such instantaneous ordering the wholesaler can anticipate his customers' needs much more effectively. In addition, he doesn't have to keep quite as much in stock and saves on his financing expenses.

There's even another, less obvious advantage to the wholesalers in linking up directly with their customers: It cements the marriage between wholesaler and retailer. Ten years ago, a retailer could change his supplier at the drop of a price. Now, however, if he's put all sorts of time and money into developing an electronic linkage, he's not going to make a switch quite so frivolously.

Trouble is, all this technology is pretty expensive, especially to a business where even a giant like Super Valu Stores earns under $80 million. As a result, the shakeout in wholesaling continues, since small companies cannot stay competitive and large firms are only too glad to grab up more market share.

The numbers are staggering: In the last ten years, the number of wholesalers able to serve the supermarket industry has gone from some 1,000 firms to only about 400 according to Walter Heller, research director of *Progressive Grocer*, a trade journal. Says Cohn, "The ongoing move toward consolidation is directly related to the financial capabilities of small companies. If we invest half a million in software programs, we can amortize that over a billion in sales. It's pretty hard to invest half a million when you're only doing $8 million in sales."

"I get calls almost on a daily basis," says Fleming's Harrison, an active buyer of wholesaling operations, "from smaller wholesalers who just can't make the investment to stay competitive." ■

Vicious circle: The supermarket chains build bigger stores, which need more volume, which means cutting prices, which then crimps profits.

Supermarkets

By Richard Greene

IF YOU EAT, the good news is that food prices went up only 1% for the 12 months ending in October, about one-third the percentage increase in the Consumer Price Index. If you follow the supermarket business, the bad news is that one of the reasons for the small price jump in food is that supermarket owners held down prices, which cost them profits.

Front window of a New York supermarket
"You cut prices to meet someone else, and . . . you're down the sewer."

Return on equity, the Forbes Profitability Yardsticks show, declined in the latest 12 months against the five-year averages for most major and regional chains, including four of the top five majors and all the top five regionals. The problem seems to be that the supermarket chains invest heavily in new stores, giant stores selling everything from corned beef to caviar, from jeans to jacksaws. They need huge volumes to make these properties pay. Since a new store doesn't create more volume per se—nobody eats more because Safeway opens a store in the neighborhood—it means business must be gotten by luring customers from older stores, and cutting prices is the easiest way.

It can work. Stop & Shop stores in Connecticut were giving away a can of tuna fish and a roll of paper toweling with every order of $7.50 or more. Stop & Shop also recorded an impressive profit surge, running 22.3% return on equity in the latest 12 months, against a 17.1% five-year average. But the price wars last year

generally are blamed for the relatively poor showings in the industry.

That is not to say that there were many disasters in the industry in 1983. Industry medians were down only slightly, with a fair number of success stories to be found. A&P seems to be turning around again, although poor past performance keeps it in its now-traditional spot at the bottom of the Forbes rankings. American Stores jumped from fourth place to first on the list, as its combination stores, which emphasize nonfood items, helped push up margins. At the same time, Lucky Stores, the $8 billion (sales) California-based chain, saw its return on equity for the latest 12 months jump from 16.5% in 1982 to a healthy 21.1% in 1983.

Ironically, only a year ago Warren McCain, chief executive officer of Albertson's, a major chain headquartered in Boise, said: "All the retailers are a little smarter now, and I guess none of them can afford the price wars of the past." That may have applied to Albertson's, but McCain was wrong as far as the industry was concerned. That's because of the pressure that

Supermarkets

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Major chains												
American Stores	1	23.6%	25.6%	0.7	2	15.5%	14.2%	1.3%	1	52.8%	1	23.2%
Albertson's	2	22.4	19.0	0.6	4	13.6	13.0	1.5	3	16.9	3	16.9
Lucky Stores	3	22.0	21.1	0.7	3	13.7	13.5	1.4	4	14.9	9	8.3
Supermarkets General	4	21.0	19.3	0.9	5	11.8	12.1	1.2	7	11.3	2	21.6
Winn-Dixie Stores	5	20.2	19.2	0.2	1	17.4	16.9	1.6	6	12.1	8	10.4
Stop & Shop Cos	6	17.1	22.3	1.2	9	10.0	11.5	1.6	10	8.1	6	14.0
Jewel Cos	7	17.0	16.4	0.6	7	10.7	10.3	1.5	8	9.9	4	16.7
Southland	8	17.0	17.4	0.8	8	10.5	11.5	1.7	2	21.0	5	14.9
Kroger	9	15.8	11.8	0.7	6	11.0	9.3	1.0	5	13.0	7	13.9
Safeway Stores	10	13.4	14.5	1.2	10	8.7	8.9	0.9	9	9.3	10	3.7
Great Atl & Pac Tea	11	def	8.0	0.8	11	def	6.5	0.5	11	–3.7	11	D–D
Medians		17.1	19.0	0.7		11.0	11.5	1.4		12.1		14.0
Regional chains												
Big Bear	1	48.9%	35.9%	1.5	4	16.4%	17.3%	1.4%	11	12.6%‡‡	4	30.2%‡‡
Bruno's	2	35.3††	28.8	0.2	2	23.5††	22.3	2.6	4	18.3‡	3	31.9‡
Food Lion	3	31.9	26.9	0.2	1	25.7	21.2	2.4	1	32.1	5	28.9
Natl Convenience Stores	4	27.5	23.1	1.6	6	13.5	11.1	2.3	3	19.6	7	24.4
Big V Supermarkets	5	23.3	18.2	0.5	5	15.8	12.5	1.3	6	17.5	8	21.5
Cullum Companies	6	21.4	16.8	0.9	7	12.5	10.7	1.2	9	13.4	6	25.3
Weis Markets	7	20.6	19.6	0.0	3	20.6	19.5	5.6	13	12.5	14	15.6
Pneumo	8	20.4	27.2	0.7	9	12.2	14.1	2.7	7	15.3	11	16.9
Giant Food	9	19.7	22.3	0.7	8	12.3	14.4	2.0	10	12.7	10	18.5
Hannaford Bros	10	19.5	20.2	1.0	10	11.0	13.1	1.5	17	11.1	15	14.4
Circle K	11	17.4	27.9	0.7	11	10.7	16.3	2.3	4	18.3	19	7.4
First Natl Supermkts	12	17.3	16.6	1.5	18	9.2	9.3	0.6	2	20.9	16	13.0
Waldbaum	13	15.9	15.9	0.9	12	10.6	10.7	1.0	12	12.5	12	16.5
Seaway Food Town	14	15.7	9.6	1.0	15	10.3	7.1	0.7	14	12.4	17	12.2
Marsh Supermarkets	15	15.7	9.4	1.2	17	9.3	6.5	0.7	19	11.0	18	11.6
Ruddick	16	14.7	15.0	0.6	14	10.3	10.8	2.0	16	11.2	13	16.3
Thriftimart	17	12.3	7.5	0.2	13	10.5	6.7	0.9	22	7.3	2	38.3
Penn Traffic	18	12.2	13.0	0.6	16	9.6	9.6	1.4	8	13.7	21	3.3
Munford	19	11.4	13.6	0.7	21	7.4	10.1	1.6	24	3.5	9	20.6
Godfrey	20	11.0	6.1	0.8	20	8.1	6.0	0.4	18	11.1	22	1.4
Arden Group	21	10.0	6.4	1.2	22	7.1	6.0	0.4	25	0.0		D–P
Pueblo International	22	9.3	7.6	1.2	23	7.1	6.0	0.6	26	–2.0		D–P
Shopwell	23	9.0	10.5	1.3	24	6.7	7.7	0.5	20	10.6	1	163.0
King Kullen Grocery	24	8.7	11.1	0.0	19	8.1	10.2	0.7	15	12.1	20	5.4
Fisher Foods	25	8.0	3.4	0.4	25	5.2	3.4	0.5	27	–5.3	23	–9.6
Foodarama Supermkts	26	2.2	3.8	0.7	26	4.1	5.4	0.2	23	4.6	25	–26.1
Borman's	27	1.5	0.8	0.8	28	3.1	2.5	0.0	21	9.1	24	–25.3
Allied Supermarkets	28	def	4.0	0.2	27	3.5	5.9	0.5	28	–8.7	26	D–D
Pantry Pride	29	def	NE	1.4	29	def	6.3	0.7	29	–14.6	26	D–D
Medians		15.7	13.6	0.7		10.3	10.1	1.0		12.1		15.6
Industry medians		16.5	16.2	0.7		10.5	10.5	1.3		12.1		14.7
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. ‡Four year growth. ‡‡Three-year growth. D–D: deficit to deficit. D–P: deficit to profit, not ranked. def: deficit. NE: negative equity.

has been building for several years now with the emphasis on larger and larger stores. Five years ago the average supermarket was 25,000 square feet. Today the average is more like 2[illegible]000. Kroger's latest prototype is 45,000. The game then becomes one of grabbing volume away from your competition, which, as noted, inevitably leads to price-cutting.

What's more, the $6 million-to-build superwarehouse store, up to 60,000 square feet and boasting little service and the lowest prices, sets off violent price competition wherever it appears. When Super Valu Stores, a food wholesaler, opened one of these warehouse stores, dubbed a Cub Foods store, in Green Bay, Wis., 15 other supermarkets closed within a few months, according to Robert Grottke, of Arthur Andersen, who follows the industry.

"The problem of grocery retailers seems to be that they overreact to competitive situations," says Wallace Iott, chairman of Seaway Food Town. Of course, anyone who doesn't react might be out of business, too. "People cut prices to meet you, and you cut prices to meet someone else, and pretty soon you're down the sewer. It boils down to the fact that the borderline store which is tightly financed will be hurt in these battles."

California-based Thriftimart, a $503 million (sales) firm with half its sales in supermarkets and half in food wholesaling, is considering getting out of the retail business. "In this market over the last two years it's been almost exclusively a price war," says Roger Laverty III, the company's vice president. "In the areas of advertising and operating efficiencies we cannot possibly match the 100-store chains. It's been very tough for us, and we feel we should be concentrating on the other end of our business."

One answer to the price war has been to sell higher-priced or higher-quality goods—bakeries, fish departments or gourmet foods, all within the supermarket. "Whether customers are from high income, middle income or low income, they like the idea," says Alvin Dobbin, senior vice president-operations for Giant Food, a Washington, D.C. chain that emerged from some vicious competition a couple of years ago with its market share up from 32% to 40%.

The difficulties begin when you have to man these upscale counters. Says one East Coast supermarket executive: "The problem with a high-service store is that, for every incremental dollar of sales, you also have an incremental cost to achieve it. These stores have added an expensive labor component to these operations and I think they'll start retrenching."

"If you can generate enough volume and price properly you can cover cost," replies Giant's Dobbin. "It's not inexpensive, but it's the kind of thing that can generate volume."

Why the different approaches? Because the marketplace is changing quickly and there may be no single way to deal with the change. Iott of Seaway Food Town, for example, says: "With so many women working, we find a lot more men shopping than normal, which we don't like. Men have a tendency to buy what their wives tell them to buy. Women are better impulse shoppers. The best shopper is a man, wife and children. The kids might throw a box of candy or cereal in the cart, and the husband throws in a six-pack of beer and a salami. But the man on his own follows the shopping list."

Is that really true? Who can tell? What is certain is that people have to eat. After that, it's anybody's game. ■

Bottle babies

Last fall New York became the ninth state to pass a so-called bottle bill, which requires a deposit on all cans and bottles for soft drinks and beer purchased in the state. The environmentalists rejoiced. Now, they hope, New York will be a cleaner place, as an incentive is created to keep old bottles and cans from littering the streets and sidewalks.

But New York City's supermarkets aren't rejoicing. "It's a disaster," says Howard Tisch, executive secretary of the Greater New York Metropolitan Food Council. "There's time required for the sorting procedure, the bottles take a substantial amount of space, and you have sanitary problems."

Still, the storemen are complaining about something they used to do without complaint. Before the creation of no-return bottles, most containers were returned. The retailers' answer: Bottle sorters didn't cost $5.50 an hour in the old days.

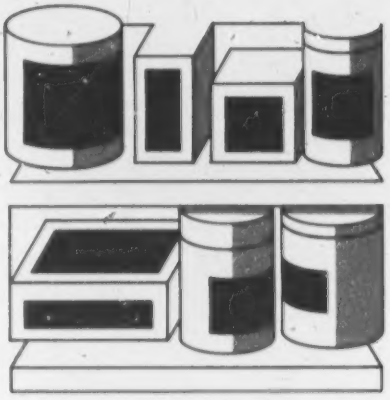
For every bottle or can redeemed—and there were over 3 billion containers sold last year in metropolitan New York—a store gets back 1.5 cents from the bottler. The supermarkets say it costs them more like 3 cents to redeem each bottle or can. If that sounds like small change, look at one New York retailer, Shopwell, which has 64 stores in New York and Connecticut, another bottle-bill state. Shopwell says it redeems about 800,000 containers a week, which amounts to over 40 million a year. Multiply that times a penny and a half per container and you have a cost to the chain of $600,000, and Shopwell earned only about $1.4 million in 1983's first three quarters.

Carting off returned bottles and cans
1.5 cents a bottle is hardly enough.

Says Glen Rosengarten, the firm's chief operating officer, "Everyone loses all the way around. The beverages ultimately cost more money to the consumer. It's a dead loss to us, and a real economic burden."

But then, possibly, Mr. Rosengarten never got a flat tire on a cold winter's night after having run over a beer bottle in the street. Bottle laws are probably here to stay, and retailers would do well to find ways to cut the costs of collection.—R.G.

"A close attention to your shop and application to business will always secure more than an equal share because every competitor will not have those qualities."



Retailing

By Howard Rudnitsky

If 1983 WASN'T THE BEST of times, it was a reasonable facsimile. Fueled by the economic recovery and growing consumer confidence, dollar sales in the nation's major general retailing chains showed gains of 15% and better over the year before. Better yet, the dramatic slowdown in the push on costs and lower interest rates, which slashed the costs of carrying inventory, produced a profit bonanza. The median returns on equity and total capital in the last 12 months, the Forbes Yardsticks show, were running more than 10% ahead of the five-year averages and far ahead of all industry performance. And the end isn't in sight.

Selling sofas and security at Sears
At last, all systems go!

At Sears, Roebuck, Edward Brennan, chairman of the $23 billion (sales) merchandising group, beams: "Our durable goods business, particularly appliances, has been strong all year. Since October the strength has spread to all our major lines of business. It's the first time in more than two years that has happened. There is no question business is a lot better than a year ago, and we expect it to stay that way in 1984 as well."

In only nine months of 1983 Brennan had pushed merchandising profits (excluding credit interest earnings) to $320 million, or 200% ahead of the year before, and record profits for the year ending Dec. 31 are as good as gift wrapped after a merry Christmas at Sears' 816 department stores.

"When you've streamlined your operations and improved many things, as we have in the last couple of years, and then when you get the volume to go with it, there's a great deal of leverage in our business," Brennan says. Among those improvements: product lines like computers and financial services and a heavier inventory of the higher-margined goods Sears wants to sell instead of a little of everything. Brennan also plans to spend $1.7 billion over five years and make over his 600 full-line stores so they project today's popular specialty-shop look.

The nation's largest discounter, K mart, with sales pushing toward $19 billion in the fiscal year ending Jan. 31, 1984, and profits probably doubling last year's $262 million, is also trying to upgrade its image, with refurbished stores and more nationally branded merchandise.

But leading the pack in sales gains among the billion-dollar-plus chains, as usual, was Sam Walton's discount juggernaut, Wal-Mart. His 642 stores

in small cities and towns in 19 southern and midwestern states are chalking up a 35% sales gain, to push past $4.5 billion, and probably a 50% earnings increase on top of the sizable increase recorded in the 1982 recession. That's after a two-year effort to digest 92 Big K stores (no relation to K mart), acquired in 1981 and once losing money or barely profitable.

At Dayton-Hudson (second in growth and profitability on the Forbes Yardsticks), where sales are running better than 20% ahead of 1982, President and CEO Kenneth Macke says: "In 1983 our department store business has been rolling real well. The consumer is buying fashion apparel and many other lines like electronic goods. Coupled with strong sales growth in our discount, specialty and soft-goods promotional chains—Target [the discount chain], Lechmere [electronics] and Mervyn's [soft goods]—the outlook to us is optimistic." That goes for 1984, too. "Consumer confidence and incomes have been restored to much higher levels," Macke says, "so it looks like two back-to-back good retailing years."

McProfits
If beef prices rise, try chicken.

Even F.W. Woolworth, which bit the bullet and ended its Woolco discount operation in 1982, was pushing up profit margins and looking like a survivor. And Montgomery Ward, the longtime moneyloser—which, because it is part of the Mobil empire, isn't listed in the Yardsticks despite its $5.5 billion in retail sales—appears to have at last steered to break-even under CEO Stephen Pistner, brought over from Dayton-Hudson several years ago.

But better times don't necessarily mean less competition. Macke of Dayton-Hudson says that the country is probably still overstored: "You look at all the different kinds of retailing operations that have come along in recent years, over the past 25 years really. Retail square-footage has grown faster than the number of customers, and that has created a very competitive environment."

Adds Francis Rooney Jr. of Melville Corp. (shoes, clothes, drugs, toys): "Everyone seems to be looking to get into retailing markets or the segments that others are already in, like into off-price branded apparel and specialty retailing. But that is continuous. In the end the better retailers will win out, and some others are going to get hurt."

So who is going to get hurt? Will it be the department stores with their high costs? The discounters at the cheap-stuff end of the scale? The giant chains that seem to depend on ever-

The flap over fair trade

Department stores are losing some business to specialty chains, discounters and off-price outlets. The rawest rub is in brand-name clothing, those Calvin Klein or even-tighter Jordache jeans. These high-priced items have produced pay-the-rent profits for the big stores. They haven't liked losing sales and cachet to their mark-it-down competitors.

So it's no surprise that the department stores struck back on legal and political fronts. Retailers such as Federated, the nation's largest department store chain (Bloomingdale's, Filene's, Bullock's, Abraham & Straus), Allied Stores (Jordan Marsh, Brooks Brothers, Bonwit Teller) and others are privately and publicly threatening suppliers: Sell the same ritzy labels to discounters and the off-price gang and you shall darken our doorways no more.

The lower-priced chains such as Toys "R" Us, Burlington Coat Factory Warehouse and K mart see this as an attempt to freeze them out of those fancy labels and allow the department stores to keep the prices and markups high. Lawsuits ensued. Toys' feisty chairman, Charles Lazarus, in 1983 sued Federated Department Stores (which just happens to be competing directly against Lazarus' new Kids "R" Us children's clothes chain) on antitrust grounds and also sued two apparel suppliers, Izod (anything with an alligator on it) and Absorba (children's clothes). There were cross suits and, recently, the suits were dropped. Burlington Coat also sued Federated. In 1982 Jordache sued K mart for selling "inauthentic"—read low-priced—apparel. That suit, too, was settled.

In 1983 K mart struck back politically, encouraging more than 1 million customers to sign its petition demanding that price maintenance should be considered against existing law and the will of Congress. This aimed at countering the feeling that the department stores and manufacturers had the ear of William Baxter, former head of the Justice Department's antitrust division. Baxter was on record as saying that not all retail price maintenance arrangements should be considered illegal and he asked the Supreme Court to relax current resale price maintenance law in a specific case, *Monsanto* v. *Spray-Rite*, which involves herbicides. He argued the Court should do the same in other cases.

An infuriated Congress then sent legislation to President Reagan specifically prohibiting the Justice Department from using funds to overturn or change laws banning resale price maintenance.

But the battle between the department stores and the discounters will not be decisively won or lost in the courts. One retailer with a foot in both camps, Kenneth Macke, president of Dayton-Hudson—with department stores and discount stores and low-prices-on-ritzy-labels stores—puts it this way: "In the end it's the consumer who is going to decide where and whose merchandise he or she wants to buy, not suppliers or retailers. Consumers don't know or care about profit margins. They are going to opt for lower prices and better value. The store with good value and selection is going to survive."—H.R.

increasing sales? It's not the label but the style, says Rooney. He points to Edward Finklestein, CEO of Macy's, leader in profit growth among the department stores. "Finklestein's got excitement into his department stores that other department store merchants don't seem to be able to duplicate. It's more important to look at who are the best merchants in their category versus the mediocre merchants. No one group is likely to knock the other group out. There will be a place for all kinds of superior retailers, but not for inferior ones."

That means the recovery has bought time for a number of subpar retailers, but unless they find the proper blend of marketing skills, they will have their backs to the wall the next time business falters. Francis Rooney quotes a letter written in 1773 to Sam Franklin, a retailer in Philadelphia. Business wasn't too

Specialty retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Drug chains												
American Stores	1	23.6%	25.6%	0.7	6	15.5%	14.2%	1.3%	1	52.8%	3	23.2%
Rite Aid	2	22.6	22.6	0.1	1	20.2	20.1	4.2	5	17.9	4	21.6
Revco D S	3	20.8	21.3	0.1	3	17.7	18.2	3.8	4	18.9	5	19.0
Walgreen	3	20.8	23.2	0.2	5	15.7	18.8	3.0	10	9.8	1	24.1
Pay Less Drug NW	5	20.7	18.8	0.8	7	13.1	11.4	2.6	2	22.6	7	17.3
Longs Drug Stores	6	18.9	17.5	0.0	2	18.8	16.9	2.9	7	15.3	9	11.2
Jack Eckerd	7	17.1	13.5	0.0	4	16.6	13.1	3.1	3	18.9	8	11.7
Peoples Drug Stores	8	16.4	17.8	0.5	8	13.1	13.0	1.7	8	14.1	2	23.5
Thrifty Corp	9	16.1	18.4	0.9	9	11.6	12.1	1.9	9	11.0	6	18.5
Pay'n Save	10	13.4	13.3	1.2	10	10.0	9.2	2.0	6	16.2	10	4.8
Medians		19.8	18.6	0.4		15.6	13.7	2.8		17.1		18.8
Fast food chains												
Wendy's International	1	24.8%	19.5%	0.4	1	20.0%	14.7%	7.8%	1	42.0%	2	24.3%
McDonald's	2	22.8	21.7	0.6	2	13.3	13.3	11.4	5	15.9	4	18.4
Marriott	3	21.0	20.3	1.3	5	10.8	9.3	3.8	3	18.6	1	26.6
Jerrico	4	17.8	14.0	0.5	3	13.0	10.8	4.6	2	22.0	3	18.7
Denny's	5	17.5	17.1	1.0	6	10.3	10.7	3.8	4	18.3	6	9.9
Saga	6	15.6	22.3	0.4	4	11.2	17.3	2.[illegible]	6	14.[illegible]	5	10.9
Medians		19.4	19.9	0.6		12.1	12.1	4.2		18.5		18.6
Other specialists												
Tandy	1	45.2%	29.3%	0.1	1	28.8%	25.9%	11.2%	9	19.2%	1	34.3%
Limited	2	33.2	40.0	0.5	3	23.8	25.5	5.1	1	31.8	3	28.9
Toys "R" Us	3	25.5	20.6	0.1	6	21.1	19.3	6.2	4	27.9‡	2	32.6‡
Melville	4	25.3	21.6	0.2	2	23.9	21.2	4.2	10	18.0	8	16.3
Avon Products	5	23.5	14.9	0.2	4	23.1	11.7	6.0	15	12.1	17	3.4
Petrie Stores	6	21.8	16.6	0.0	5	21.5	16.1	7.3	18	9.4	12	6.4
Cole National	7	20.8	16.5	0.8	10	14.3	11.3	2.5	2	29.6	6	18.2
Payless Cashways	8	20.4	21.8	0.4	7	15.3	17.1	4.1	5	27.8	4	20.1
Service Merchandise	8	20.4	18.4	0.9	11	13.3	11.8	2.6	3	28.9	9	14.7
Nordstrom	10	18.0	18.6	0.5	12	12.9	13.5	5.1	8	19.9	7	16.9
Brown Group	11	17.5	17.5	0.2	9	14.4	15.1	4.4	17	9.4	5	19.1
Edison Bros Stores	12	17.1	15.0	0.2	8	14.4	12.8	4.0	16	9.9	13	6.0
Best Products	13	14.2	12.8	1.0	15	9.3	6.6	1.6	6	24.7	14	5.7
Gordon Jewelry	14	14.2	9.2	0.4	13	12.1	8.1	4.2	11	16.5	10	12.0
General Host	15	13.9	13.1	0.9	19	8.3	7.6	2.1	23	–2.8		D–P
H J Wilson	16	12.1	5.3	1.2	17	8.9	5.2	1.3	7	22.6	16	3.6
Morse Shoe	17	11.5	15.0	0.6	14	10.0	11.5	3.2	14	12.4	19	3.0
Levitz Furniture	18	11.2	12.2	0.9	20	7.8	8.5	3.0	22	5.3	11	11.8
ARA Services	19	10.9	10.2	0.5	18	8.7	8.5	1.8	13	13.3	18	3.1
Zale	20	9.7	5.0	0.4	16	9.1	5.4	2.1	21	5.6	15	4.6
Pittston	21	4.7	def	0.4	23	4.6	def	def	19	7.8	21	–23.4
Beneficial Corp	22	4.1	9.1	4.0	21	5.1	5.9	3.8	20	5.8	20	–19.2
Genesco	23	3.9	def	1.6	22	4.7	3.7	0.2	24	–7.2		D–P
Wickes Cos	24	def	def	NE	24	def	def	def	12	15.8	22	P–D
Medians		15.7	15.0	0.5		12.5	11.4	3.5		14.6		9.1
Industry medians		17.7	17.3	0.5		13.1	12.0	3.2		16.4		15.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. P–D: profit to deficit. D–P: deficit to profit; not ranked. def: deficit. NE: negative equity.

good, and the competition was tough. Sam's brother, Ben, wrote him from England: "I would not have you discouraged at the little dullness of business, which is only occasional. A close attention to your shop and application to business will always secure more than an equal share because every competitor will not have those qualities. Some of them, therefore, must give way to you, and the constant growth of the country will increase the trade of all, that steadily stand ready for it."

Specialty retailers

Specialty chains echoed the success of the general retailers with profits swelling 20% to 25% over 1982, though laggards there were. Take the retail drug chains. Overall, the Forbes Yardsticks show, drug chain profitability remained above the industry medians. An upsurge in highly profitable prescription drug sales produced sizable profit gains in chains such as Revco D.S., Walgreen, Pay Less Drug Northwest, Longs Drug and Pay'n Save. But Florida-headquartered Jack Eckerd had little earnings gain despite a 12% sales jump.

At the fast food chains, the griddles were sizzling again after more than a year on the back burner. They lured customers with new treats. McDonald's, for example, the industry sales ($3 billion) leader, successfully cooked up Chicken McNuggets to mix with its hamburgers. Arch competitor Burger King, owned by Pillsbury, turned up the heat with its name-thy-enemy (McDonald's) advertising, salad bars and cut-rate coupons to lure customers. Wendy's showing was respectable enough, but 1983 profit gains didn't match its five-year average, which has earned it the number one post in the Yardsticks.

Other specialty retailers like Tandy in electronics and computers, Toys "R" Us, Melville in shoes, apparel and drugs, Payless Cashways in home remodeling, and The Limited and Nordstrom in women's clothes continued to prosper in 1983. And Levitz Furniture, with a housing recovery at its back, has turned itself around.

But some haven't adjusted to changing times. Avon Products, in the postliberation era, has had trouble recruiting competent door-to-door saleswomen, and then they have trouble finding women at home to sell to. Avon's profit ratios on the Yardsticks are running at half its five-year average. Some of the catalog showroom firms, such as H.J. Wilson, and the jewelry chains haven't fully recovered from the recession. But if the pickup intensifies in 1984, even they may be swept along with it. ■

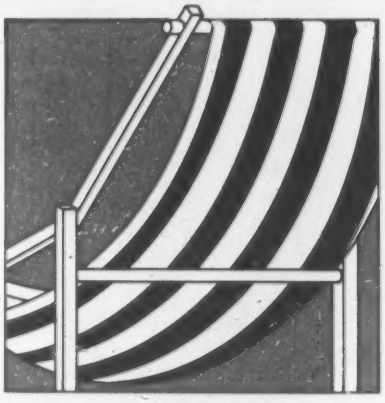
General retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Department stores												
R H Macy	1	20.0%	22.3%	0.2	2	14.3%	17.1%	5.4%	5	12.8%	1	21.9%
Dayton-Hudson	2	17.9	16.5	0.5	1	14.7	12.6	3.4	2	19.1	5	9.3
Mercantile Stores	3	15.8	16.4	0.3	3	12.4	13.4	5.0	7	12.1	3	13.5
Dillard Dept Stores	4	15.1	20.8	0.8	8	9.3	12.8	3.7	1	19.6	2	16.8
May Dept Stores	5	14.5	16.3	0.5	5	10.0	10.7	4.2	10	9.8	7	7.8
Federated Dept Stores	6	14.2	14.6	0.3	4	11.6	11.4	3.7	8	10.2	6	8.1
Allied Stores	7	12.5	13.8	0.9	10	9.0	9.0	3.4	11	8.9	9	6.4
J C Penney	8	11.9	12.6	0.4	7	9.5	9.8	3.5	13	5.9	10	5.9
Strawbridge & Clothier	9	10.9	12.9	0.8	11	8.1	9.0	3.6	9	10.1	4	9.8
Carson Pirie Scott	10	10.7	11.7	0.9	12	8.1	8.3	2.2	4	13.4	11	4.2
Associated Dry Goods	11	10.6	12.9	0.6	6	9.7	10.5	2.8	6	12.6	8	7.5
Sears, Roebuck	12	9.9	13.3	0.6	9	9.2	10.9	3.5	12	6.9	12	1.8
Carter Hawley Hale	13	9.3	8.0	0.9	13	6.4	5.9	1.6	3	14.3	13	-2.2
Alexander's	14	1.4	7.9	1.1	14	2.7	5.3	0.9	14	5.7	14	-28.3
Medians		**12.2**	**13.6**	**0.6**		**9.4**	**10.6**	**3.5**		**11.2**		**7.7**
Discount & variety stores												
Wal-Mart Stores	1	33.1%	33.0%	0.7	1	21.5%	21.1%	4.0%	1	37.3%	1	35.6%
SCOA Industries	2	27.5	20.7	0.9	2	17.2	13.3	3.0	6	11.7	2	23.3
Heck's	3	14.6	6.3	0.7	4	9.7	6.2	1.6	2	16.8	5	10.0
Rose's Stores	4	14.0	21.3	0.1	3	12.4	18.9	2.5	8	7.0	4	21.9
Zayre	5	13.6	17.2	0.8	5	9.4	11.6	2.1	7	9.8	3	23.2
K mart	6	12.9	15.2	0.9	6	9.3	10.3	2.3	4	13.0	7	3.9
Household Intl	7	11.8	13.5	2.1	7	6.8	7.3	2.5	3	14.1	8	0.9
G C Murphy	8	7.9	11.1	0.5	8	6.3	8.2	1.8	10	5.7	6	4.9
F W Woolworth	9	4.4	14.1	0.5	9	4.2	10.4	2.6	11	4.3	9	-16.4
Cook United	10	def	def	2.1	10	3.0	0.7	def	9	6.4	10	D-D
HRT Industries	11	def	def	7.5	11	def	def	def	5	11.8	10	D-D
Medians		**12.9**	**14.1**	**0.8**		**9.3**	**10.3**	**2.3**		**11.7**		**4.9**
Industry medians		**12.5**	**13.8**	**0.7**		**9.3**	**10.4**	**2.8**		**11.7**		**7.5**
All-industry medians		**15.1**	**12.6**	**0.4**		**10.8**	**8.6**	**3.5**		**12.4**		**9.4**

Note: Explanation of Yardsticks calculations on page 38.
D-D: deficit to deficit. def: deficit.

Forget the disaster in videogames. Place your bets on the upturn in casinos. And, at long last, watch for one in the hotel business and the photographic business.



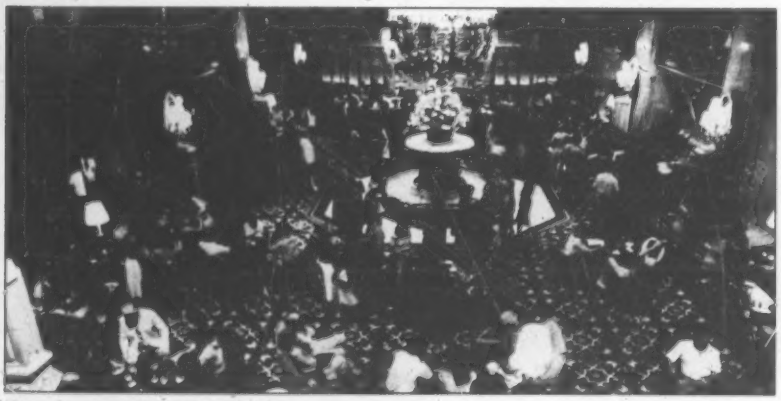
Leisure

By Barbara Ettorre

DISASTER STRUCK THE leisure industry in 1983. Cartridge-game manufacturers overestimated retail sales by some $1.3 billion and everybody choked on inventories. The take at the nation's coin-operated game arcades collapsed to $3 billion from $7 billion the year before. That was a body blow to Mattel and Warner Communications' Atari, to Bally in the coin-operated sector and to Milton Bradley. It was also bad news for Coleco. Its relatively late entry into the field helped keep inventories low, but even this might not protect it since sales have tapered off.

But don't read too much into the decline. It afflicted only one segment of the leisure industry. Elsewhere in this industry things remained pretty good. General Cinema reported a return on equity of 54.3%. Although most of this reflects a one-time capital gain from the sale of its Miami TV station to Taft Broadcasting in April, General Cinema's soft drink bottling and film exhibition businesses stayed as profitable as ever. In a quite different field, once-moribund Fleetwood Enterprises more than doubled its 12-month return on equity to an impressive 31.9%. This came on the strength of sharply improving sales of recreational vehicles and superbly designed, low-cost manufactured housing.

Meanwhile, there was continuing strength in Atlantic City casinos despite the recession, a surprising resurgence in Nevada gaming (casino winnings were up almost 10% in Las Vegas, to $1.9 billion) and strong convention business in Las Vegas. There is also the prospect of a turnaround in the lodging business after more than three years in the doldrums, as salesmen hit the road in a recovering economy.



Travelers in a busy hotel lobby
Will they be here all year?

The hotel business did feel the recession, but hoteliers saw occupancy rates recover almost 2% last year over 1982, spurred by a travel boomlet that began in the third quarter. Of course, that is from a sorely depressed base. The hotel business was hurting badly for most of 1982 and early 1983, when only 64% of the available 2.2 million to 2.5 million rooms were occupied. That hovered at the industry breakeven range of 60% to 64%. (Marriott and Holiday Inns were able to take this in stride because of widespread pruning of older units at Holiday and continuing heavy expansion and cost efficiencies at Marriott.)

Current travel industry forecasts call for 69% occupancy rates this year, which is close to peak 1979 conditions. Splashy events like the summer Olympics in Los Angeles and the presidential elections this year will help keep rooms filled.

William H. Edwards, president of the hotel division of Hilton Hotels Corp., notes October 1983 was the best earnings month in the history of the company. He adds: Hilton has seen a surge in advanced bookings for conventions in 1984, and a "good pace" in 1985 and 1986 bookings.

But many negatives remain: Revenues from foreign visitors, down about 12% in 1982, are expected to stay down for 1983 because of the strong dollar. Nor can the hotel industry expect quite as much help from airline travel packages with the airline industry in the shape it's in.

Add to that a 2% increase in available rooms, and it amounts to saturation, particularly in high-priced lodging. Marriott Chairman Bill Marriott Jr. blames foreign competition, such as Trust House Forte, Air France's Meridien Hotels and Aer Lingus' Dunfey Hotels, all of which are opening high-end hotels (room rates of $100 to $200 a day) in the U.S. "These hotels have high construction and operating costs and no appeal to the ordinary pleasure and convention market," he says. "It takes some cream off regular hotels." Like Marriott's moderately upscale hotels, that is.

Of course, Marriott's main, slightly downscale, domestic competitors are

doing the same thing. In the name of luxury segmentation (using a different brand name and image) ailing Ramada Inns has constructed ten pricier Renaissance Hotels, and Holiday has built four Crowne Plaza hotels.

Marriott, for his part, hasn't been idle either. He's continuing to expand the chain's traditional hotel space by about 20% this year and next, but he is also experimenting with lower-priced, nonconvention lodging with several Courtyard hotels that offer rooms for $45 to $55 a night, vs. $70 to $100 for Marriott rooms. This year, Holiday Inns will also launch a budget strategy, with a no-frills, scaled-down chain offering rooms at $35 and less.

Casino properties continue to be a gold mine. But because of extraordinary factors, you wouldn't know it from looking at the latest 12 months of Caesars World (which took a $10 million loss in one quarter on a cash-flow savings bond swap) and MGM Grand (which is still paying part of the $75 million settlement from the 1980 fire at its flagship hotel and trying to clean up its balance sheet), or Resorts International (whose latest 12-month profitability was badly damaged by losses on metals futures trading—a side venture Resorts now wants no more of).

These setbacks were alleviated by the fact that gaming income was up 18% over 1982 in Atlantic City, to $1.8 billion. But the surprise was the strong performance in Nevada. "It looks like America can sustain two major gaming capitals," says Laventhol & Horwath partner and leisure expert Saul F. Leonard.

Casino operators may be smiling, but look at the erstwhile favorites with long faces: Walt Disney Productions (whose theme-park earnings are burdened with huge film and television losses), Eastman Kodak (hit with a dropoff in overseas sales) and Polaroid (suffering from the same depressed photographic market plus lower film sales). But those faded favorites have fairly bright recovery prospects this year. Only in the once-hot videogames segment did things continue to look dismal as the new year dawned. A fad is a fad is a fad. ■

Leisure

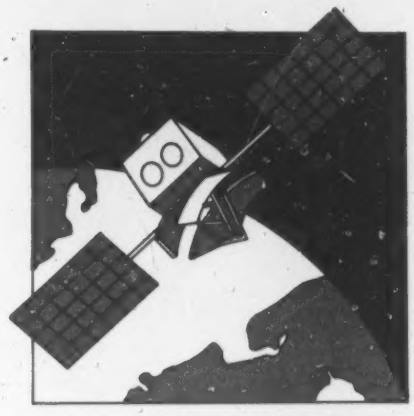
Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Hotels and gambling												
Hilton Hotels	1	23.4%	18.6%	0.3	2	17.5%	13.2%	17.0%	6	8.7%	4	21.7%
Resorts Intl	2	22.7	10.1	0.6	1	18.0	8.3	5.9	1	32.8	3	24.9
Marriott	3	21.0	20.3	1.3	3	10.8	9.3	3.8	3	18.6	2	26.6
MGM Grand Hotels	4	20.7	NE	1.1	5	9.9†	5.7	5.5	5	11.2	6	5.9
Caesars World	5	15.9	def	1.4	6	8.6	3.1	def	2	29.8	1	50.3
Holiday Inns	6	12.5	12.6	0.5	4	10.2	10.0	7.9	7	7.6	5	12.5
Del E Webb	7	3.7	0.7	0.8	7	5.3	3.9	0.2	8	2.0	7	–13.5
Ramada Inns	8	def	def	3.3	8	3.3	4.3	def	4	12.3	8	P–D
Medians		18.3	5.4	1.0		10.1	7.0	4.7		11.8		17.1
Entertainment												
General Cinema	1	29.2%	54.3%	1.6	1	15.8%	22.0%	10.1%	3	14.2%	1	24.6%
Warner Communications	2	18.1	def	0.3	3	14.0	def	def	2	25.3	2	9.4
MCA	3	16.3	15.7	0.0	2	15.0	14.7	9.9	5	10.8	4	7.6
MGM/UA Entertainment	4	14.1†	13.1	1.8	4	10.5†	7.2	5.5	1	28.9	5	4.0
Walt Disney	5	10.8	7.2	0.2	5	9.7	5.8	7.1	4	11.7	3	8.6
Medians		16.3	13.1	0.3		14.0	7.2	7.1		14.2		8.6
Recreation												
Coleco Industries	1	59.7%	44.2%	0.8	1	35.2%	27.0%	6.9%	2	25.3%		D–P
Tandy	2	45.2	29.3	0.1	2	28.8	25.9	11.2	4	19.2	1	34.3%
Brunswick	3	20.4	10.3	0.4	7	11.8	10.7	4.1	11	4.5	3	19.9
Bally Manufacturing	4	20.4	5.4	0.6	4	16.1	6.2	2.4	1	32.2	2	26.2
Eastman Kodak	5	18.3	11.7	0.0	3	17.2	10.6	7.8	7	12.4	5	9.4
American Greetings	6	15.8	15.7	0.3	6	12.0	12.4	6.3	5	15.9	4	15.2
Milton Bradley	7	13.8	2.0	0.1	5	12.2	2.6	1.1	6	13.7	6	9.3
Fleetwood Enterprises	8	11.4	31.9	0.0	8	11.2	31.0	4.2	8	8.1	7	6.1
Outboard Marine	9	7.9	11.8	0.3	10	6.9	9.8	5.0	10	5.6	8	0.2
Skyline	10	7.2	6.9	0.0	9	7.1	6.8	2.5	12	2.4	9	–2.6
AMF	11	6.5	def	0.4	11	5.4	def	def	13	1.9	10	–6.8
Polaroid	12	4.5	3.7	0.1	12	4.8	4.1	2.7	9	6.5	11	–11.0
Mattel	13	def	def	0.4	13	3.2	def	def	3	21.9	12	P–D
Medians		13.8	10.3	0.3		11.8	9.8	4.1		12.4		7.7
Industry medians		15.9	10.2	0.4		11.0	7.8	4.6		12.4		9.3
All-industry medians		15.1	12.5	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
†Four-year average. P–D: profit to deficit. D–P: deficit to profit; not ranked. def: deficit. NE: negative equity.

Now that AT&T is broken up, the question is access charges. For the consumer, nevertheless, costs will go up and service down.

Telecommunications



By Pamela Sherrid

IT FINALLY HAPPENS: On New Year's Day AT&T divests itself of the local Bell operating companies. The breakup of AT&T, that once-in-a-lifetime event, is a reality.

So far the sky shows no sign of falling, but the excitement level could really pick up if the struggle over long-distance rates goes awry.

The most dramatic change on the Forbes Yardsticks *(p. 238)* took place at Rolm, a manufacturer of office switching systems like private branch exchanges (PBXs) and general-purpose military computers. But AT&T's D (for divestiture) Day had nothing to do with Rolm's precipitous drop in profits in 1983. Rolm's aging product line encountered fierce competitive pricing pressures in the PBX market from companies like Northern Telecom. The situation was exacerbated in the recent quarter by the AT&T strike, which slowed down Rolm installations, and by a new product's initial shipment delay caused by bugs in the software.

Nevertheless, Rolm's prospects have never looked better, thanks to two related events. In June, to the industry's surprise, IBM paid $228 million for a 15% stake in the lagging PBX maker. IBM's motivation became clear later in the year when Rolm announced a new-generation PBX capable of switching extremely large amounts of information between telephones and computers. The new product, the result of heavy research and development spending by Rolm, is expected to play a key role in IBM's office automation strategy.

Though all the independent telephone companies on the main list—Centel, United Telecommunications, Continental Telecom, GTE and Southern New England Telephone—have diversified into unregulated businesses, as the seven Bell operating companies hope to do, for now the greater part of their revenues still comes from telephone operations.

In those utility operations, the recession slowed down the pace of local line installments and of long-distance toll unit growth as well. Because the telephone industry tends to lag the economy as a whole by six to nine months, these companies for the most part didn't begin to benefit from the recovery until the second half of 1983. "In the third quarter, our toll unit volume was up 9.5%, the strongest move since 1981," reports Robert Reuss, chairman of Centel. In 1984 the industry should experience the full bloom of the recovery, with unit toll volume rising 10% to 15%.

For now, the independent telephone companies receive their portion of the long-distance pie through a negotiated settlements process with AT&T that generally gives them over 50% of their total revenues. The industry earned less than its federally authorized 12.75% rate of return on its long-distance business in 1983, in part because traffic volume turned out to be less than was anticipated.

But D Day also played a role in that subpar return. Normally the industry would have gone back to the FCC to ask for higher rates. But, as Paul Henson, chairman of United Telecommunications, explains: "We knew that

Bell before the bell

Institutional investors are hesitant to buy stock in the new Bell entities until it is actually issued later this year. Most of the brisk when-issued trading comes from individuals seeking to lock in the high yields shown below and, presumably, a capital gain as well once the institutions start buying.

Company	Recent price	1984 estimated EPS	P/E	Estimated yield on common	Historical: % increase 1981-83* revenues	Historical: % increase 1981-83* earnings	Historical: Return on equity	Historical: Profit margin
AT&T (postdivestiture)	20½	$ 2.02	10.1	5.9%	NA	NA	NA	NA
Ameritech	62¾	9.47	6.6	9.6	10.3%	22.2%	12.7%	11.7%
Bell Atlantic	66⅜	9.69	6.8	9.6	16.4	25.6	12.7	12.1
BellSouth	88½	12.21	7.2	8.8	14.2	19.7	13.5	13.3
NYNEX	60⅝	9.54	6.4	9.9	15.8	14.4	12.8	10.3
Pacific Telesis	54⅝	8.00	6.8	9.9	15.8	122.7	14.5	12.4
Southwestern Bell	59⅝	8.93	6.7	9.4	15.9	13.7	12.0	11.3
US WEST	57⅛	8.96	6.4	9.5	11.9	11.4	12.4	12.0

*December 1981 to June 1983. NA: not available.

Sources: Divestiture prospectus. FORBES.

right after divestiture, AT&T's long-distance rates were supposed to come down as more of the burden for local service was shifted to the local user. It didn't make sense to raise long-distance rates and then lower them soon after. So we've been accepting a lower than allowable rate of return."

Nearly ten years ago some of the larger independent telephone companies started to diversify in anticipation of the day when their long-distance revenues might shrink. But with little success to date.

One notable exception is Continental, where, in the first nine months, earnings from nonutility operations tripled. That was thanks to Continental's business systems group, which includes Executone, a national distributor of communications equipment for small businesses.

The new, lean and mean AT&T also now finds itself in both regulated markets (long-distance telephone service, which will account for over 50% of 1984 revenues) and deregulated ones (for example, telephone equipment and software systems sales). In both worlds it is facing major uncertainties. On the hardware side, its manufacturing arm, Western Electric, finally has a digital central-office switch to offer to the new Bell operating companies and the other independents. But Western has lost ground in the central-switch market to Northern Telecom, which was the first to produce a local digital switch. Northern already has a sizable share of the independent market and is likely to sign many contracts with the new Bell companies.

The end-user or "customer premises" market is even more wide open. Here AT&T does not yet have a full product line. Its flagship product is the System 85 PBX, which got off to a less than glorious start when first introduced last January. Sales stepped up when enhanced versions were introduced later in 1983.

Significantly, AT&T also announced cooperative arrangements with Wang and Hewlett-Packard designed to integrate the System 85 with their computer products. This is the first time that AT&T has opened its specifications to other vendors, and it's a clear signal that Ma Bell intends to lock horns with IBM in its decision to back Rolm. Though the two giants are moving from different strengths, both realize that compatibility between PBXs and computers is necessary to make the office of the future happen.

There's a wild card in the "customer-premises equipment" market. It's the new regional Bell companies to which Judge Greene returned the right to sell, but not manufacture, telephone equipment. The Bell babies are not all that wild about marketing the same equipment as AT&T. The result is a bonanza for other manufacturers, including offshore ones, which have already lined up Bell baby contracts. "No doubt it's an opportunity for lots of competitors to exploit a new channel of distribution," admits William Buehler, a vice president at AT&T Information Systems.

The greatest short-term uncertainty in this industry is the long-distance business, which was turned into a political football late in the predivestiture process. Now there is a strong possibility that Congress will soon overrule the FCC's ideas about who should pay for long-distance calls.

Gallons of ink have already been spilled explaining this "access charge" controversy. Actually, it isn't all that complicated. The FCC's decision, announced last August, was very favorable for AT&T. The amount that AT&T would have to pay local telephone companies for originating and completing long-distance calls would drop by about 25%. Part of that cost would be taken up by consumers through flat monthly access fees. The remainder—at least for a few years—would be borne by competing long-distance carriers, such as MCI and GTE's Sprint, whose payments to local phone companies would nearly double.

The FCC wants to end the subsidy of local service by long-distance service, so the industry will base pricing on actual costs. That way the big long-distance users would stop deserting existing common carriers in increasing numbers in favor of cheaper, private networks. The Bell regional companies and the independents quite agree. "Local service has got to stand on its own bottom," says United Telecommunications' Henson. "If we don't go to access charges, the little old ladies will be left to pay the bills all by themselves, and the cost

Telecommunications

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
ROLM	1	41.4%	10.9%	0.1	1	38.3%	10.5%	5.9%	1	65.9%	1	57.9%
MCI Communications	2	30.6	28.1	1.1	2	18.2	13.6	14.6	2	65.2		D–P
Centel	3	17.9	16.8	0.8	4	7.9	7.7	9.0	4	17.4	2	8.1
United Telecom	4	16.9	14.7	0.9	3	8.1	7.4	8.7	5	14.2	5	6.0
Continental Telecom	5	14.6	14.3	1.0	5	7.5	7.2	8.1	3	17.5	4	6.6
GTE	6	14.3	15.6	0.9	6	7.5	7.8	7.4	8	9.8	6	5.1
So New England Tel	7	12.8	14.4	0.5	8	7.3	7.9	10.1	6	12.3	3	7.6
American Tel & Tel*	8	12.3	10.2	0.5	7	7.4	6.5	9.7	7	11.7	6	5.1
Western Union	9	6.1	9.1	0.7	9	6.0	7.2	8.3	9	8.0	8	3.7
Industry medians		14.6	14.4	0.8		7.5	7.7	8.7		14.2		6.3
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
*Data are on predivestiture basis.
D–P: deficit to profit; not ranked.

will be much higher than anyone is talking about now."

MCI and the other non-AT&T long-distance carriers obviously agree that the cost of access to long-distance carriers should be shifted from them to the local consumer. But naturally they are fighting like mad to avoid having to pay more during the intervening years—from 1984 to 1987—as they would have to under the FCC plan. "That's anticompetitive and blatantly unfair," says MCI President Orville Wright.

At the moment MCI has a 45% discount from AT&T because it gets an inferior-quality interconnection with the local operating companies. In the next few years the local companies will be upgrading their connections with non-AT&T carriers, so MCI will gradually be paying what AT&T does. That is fine with MCI—especially if AT&T's costs go down as the local consumer takes on more of the costs through rising access fees.

If the access fees go through as the FCC has structured them, though, MCI will have a tough few years. In 1984, increased payments to local operating companies would cut its operating margins in half. And the company would get hit by a double whammy: AT&T has already announced its intention of using its cost savings to reduce its long-distance rates by an average of 10.5%. That would force MCI to make a price cut about half as big to prevent the differential between it and AT&T from eroding too much. Wright says that price cut would take another two percentage points off MCI's margins, leaving it with so little profit that it would put a severe crimp in the company's capital spending plans. "That's just the way AT&T planned it," he says grimly.

Meanwhile, the battle in Congress appears to focus on consumer outrage over new access charges. However this battle is resolved, higher local rates seem inevitable. Even if Congress votes against access fees for now, the local operating companies are going to need lots of rate increases just to modernize their obsolete plants. True believers in the benefits of deregulation expect increases in local prices to be more than offset by long-distance savings, though, of course, that is yet to be seen.

In the meantime, prepare for deteriorating service. It's quite alarming, in fact, just how many top executives in the industry are predicting it. "So you're having trouble getting a dial tone?" asks one. "Get used to it; it's going to get worse." ■

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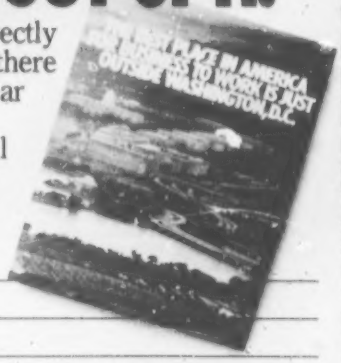

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Don't count out the networks. With the Olympics and the presidential elections coming up, this may be their year.

Broadcasting

By Thomas Jaffe

HAVE THE NETWORKS hit bottom? In just four years, 1978 to 1982, the three television networks' share of the prime-time audience fell from 93% to 79%. But in 1983 the decline bottomed out. And in 1984? Well, there are the Olympics and the national elections coming up. Between them, they ought to insure the networks a satisfying renaissance.

Look at the tables below, and you can see that the networks could use a boost. The profits of CBS Inc., ABC and RCA Corp. (the parent of NBC) were up in 1983, but returns still lagged their five-year averages. Their broadcasting revenues increased a respectable 12%, but operating margins kept shrinking—from 20% in 1978 to about 13% in 1983. At that rate, network TV could become just another business instead of a license to print money.

The Olympics cannot singlehandedly turn this tide, but they will go a long way. The Games will account for more than $625 million in advertising sales, according to ABC, which will broadcast them. ABC figures one-third to 40% of this is money that would have been spent with the networks anyway. The other $400 million, it claims, is new money. Others think it's less than half that, but, even so, ABC stands to clean up. And, curiously, so do its two rivals. The Olympics doesn't create more minutes of commercial time; it simply replaces existing inventory. CBS and NBC are counting on the demand (and thus the price) to increase for what remains. The impact on profits of the 1984 conventions and elections is harder to quantify because network news departments also spend a lot of money covering them. But politicians competing for time with regular advertisers are likely to drive up rates.

Add to this new blockbuster miniseries like ABC's *The Last Days of Pompeii* and CBS' *George Washington*, and the betting on Madison Avenue is that the networks will tally 12% to 13% increases in commercial rates in 1984. And network revenues will probably be up an estimated 16% to 18%, to somewhere around $7.6 billion. "They have their ducks lined up in a row," says Stephen Leff, director of media services at New York ad agency Backer & Spielvogel. "The networks have a perfect opportunity to reattract a lot of viewers who have been waylaid by other options."

Moreover, most of the rest of the industry will be pulling for them. Why? Because when the networks do

Broadcasting

Yardsticks of management performance

	Profitability							Growth			
	Return on equity			debt/ equity ratio	Return on total capital			net profit margin	Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months		5-year rank	5-year average	latest 12 months		5-year rank	5-year average	5-year rank	5-year average
Metromedia	1	80.6%	55.1%	1.6	1	31.5%	18.2%	16.7%	8	10.6%	1	48.5%
Capital Cities Commun	2	22.1	19.5	0.1	2	18.6	18.2	14.8	3	19.0	2	21.1
Cox Communications	3	19.7	16.4	0.4	3	15.1	11.3	12.9	2	22.5	3	19.8
Amer Broadcasting	4	18.1	13.7	0.2	4	15.0	11.8	5.4	6	12.4	4	13.4
Rollins	5	17.1	1.8	0.0	5	14.7	1.9	1.0	5	12.8	6	7.5
Wometco Enterprises	6	15.7	14.3	0.8	7	10.6	8.9	5.6	4	16.0	5	10.9
CBS	7	14.7	11.1	0.2	6	12.5	9.3	3.4	7	10.9	7	1.0
RCA	8	10.1	8.4	0.8	8	9.0	7.8	2.5	9	8.2	8	–2.2
Oak Industries	9	3.6	def	0.9	9	8.5	def	def	1	24.4	9	P–D
Industry medians		17.1	13.7	0.4		14.7	9.3	5.4		12.8		10.9
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

well, so does practically everyone else. Take big group broadcasters like Capital Cities Communications and Cox Communications, for example. Their stations thrive in the nearly $8 billion national spot and local advertising markets. National spot is the ration of commercial time within network-supplied programs that is sold to national advertisers by individual stations themselves. Revenues here could be up over 15% in 1984.

Does that mean that Metromedia is worth a billion and a half dollars? John Kluge thinks it is, and Kluge is not only the company's chairman and largest stockholder but also a principal in the corporation set up to buy it out for that hefty sum. But the fact is, the Metromedia buyout, at about 3 times 1983 revenues, is not the best measure of the potential of 1984. True, Metromedia is the leader in the tables *(see p. 240)*. True, the company's seven TV stations, which reach 24% of the national audience, are enormously profitable.

But that spectacular return on equity doesn't tell the full story. Metromedia is burdened by some $680 million of long-term debt. (Its debt-to-equity ratio is 4 times the industry's median.) That's the reason, of course, that its return on equity is 2½ times that of number two Capital Cities Communications but its return on total capital, the crucial measure, is the same.

Capital Cities, in fact, is a much better measure of the profitability 1984 could bring. Four of its six TV stations are ABC affiliates, so they should benefit smartly from the Olympics. Its inventory of time in periods adjacent to Games coverage should command premium prices from national spot and local advertisers. The same goes for Cox, another pacesetter in profits, and smaller Taft Broadcasting, both of which also have a clutch of ABC stations.

Independent TV stations used to be the stepchildren of broadcasting. Now some are among its most prosperous segments. In 1979 there were 122 "indies"; by the end of 1984 there should be nearly twice as many. In 1975 the independents' share of national spot and local advertising was 16%. In 1983 it was 24%, or nearly $2 billion. By 1990 it should be up to 28%. No wonder everyone wants a piece of that action.

And with such glittering prospects, it's no wonder, too, that the independents are terrified by the possibility that the FCC will allow the networks once again to own their own programming and sell the syndication rights themselves. After all, the indies' main stock in trade these days is the syndicated reruns of popular old network series. With ex-actor Ronald Reagan opposing the FCC proposal, it hardly seems likely it will go through anytime soon. But just the thought disturbs the independents, who fear the networks would "warehouse" programs after their prime-time runs and then offer them to affiliates before independents. "Hogwash," says Gene Jankowski, president of the $2.5 billion (sales) CBS Broadcast Group. "When you manufacture something, you don't do that to store it away. You want to move it, generate revenues."

The revenues Jankowski is talking about are enormous—some $800 million a year. And most of it is gravy.

Upcoming miniseries: from Rome to the Revolution
Will they help rebuild the networks' audience?

Rights to the current CBS hit detective series *Magnum, P.I.* alone recently fetched a reported $70 million from 11 independents. But of course all that money will go to the show's producer, MCA's Universal Television, not to CBS, where of course it could help restore those eroded margins.

There are other deregulation straws in the wind. Will the "rule of seven," which prohibits any company from owning more than seven TV stations, be relaxed or abolished? Many insiders consider either a real possibility. Again, the biggest beneficiary could be the networks. Their existing owned-and-operated stations are money machines, accounting for perhaps 40% of the networks' combined broadcasting profits and 24% of their national audience. At present they have only five apiece. More would benefit in two ways: First, in immediate operating profits; second, in delivering a more attractive audience to advertisers (since a network can tell an owned station what programming to carry, but can only suggest to an affiliate).

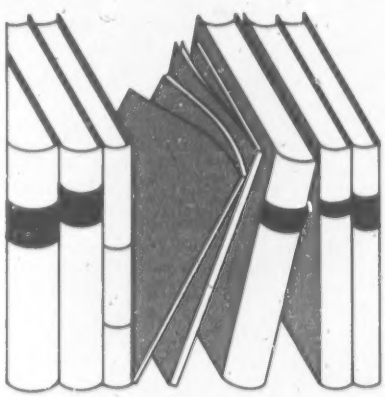
But network or non-network, broadcasting is clearly a more profitable business than about anything else you can find. Conglomerates that mix broadcasting and nonbroadcasting have again been demonstrating that. Take, for example, Rollins, whose profitability shrank to next to nothing in 1983 because oilfield services, 47% of income in 1982, collapsed. Rollins' broadcast chain and, to a lesser extent, its exterminating business, kept the company going.

In contrast to the bright prospects for broadcasting, cable and its pay-TV cousins hardly look like the fair-haired children anymore. Look at poor Oak Industries at the bottom of the list, badly hurt by the faltering subscription-TV business. Oak ended operations in two cities, taking a $23 million writeoff, and set up a $49 million reserve to cover further losses.

Pure cable ventures, meanwhile, were dropping like flies. CBS' cultural service, RCA's entertainment channel and the ABC/Westinghouse Satellite News Channel rolled up combined losses of $125 million in 1983. The first two died, and SNC was bought out by Turner Broadcasting's Cable News Network; which, despite all the hoopla, is still losing money. ABC's ARTS cultural service and Daytime, its joint venture with Hearst Corp., were still alive at year's end but had lost an estimated $60 million or more. Basic cable must eventually attract advertisers in large numbers, and, although its ad revenues were $250 million in 1983 and should increase 25% or so in 1984, that's still a mere crumb from the total $16.5 billion broadcast advertising pie. "Clients ask me, 'What are we going to lose if we don't buy time on cable?' " says Backer & Spielvogel's Leff. " 'Nothing,' I tell them."

In short, the networks will be the engine of recovery in broadcasting this year—although "recovery" may be a misnomer in this business, where pretax margins for most stations didn't fall below 35% even in the depths of the recession. Except for the cable business, almost everybody will make a lot of money—if the networks do. "The plain fact is," says Capital Cities Chairman Thomas Murphy, "if the networks don't do well, we won't do as well as we want to, either." ■

A lot of newspapers folded last year, but don't be deceived. This industry is booming.



Publishing

By Pamela Sherrid

NEARLY A DOZEN MORE daily newspapers folded or merged in 1983. But Arthur Ochs (Punch) Sulzberger, The New York Times Co. chairman, says cheerfully, "It's a pretty good time for papers."

Sulzberger is right, despite the evidence of strain in the Yardsticks. The Times Co. and The Washington Post Co. both bettered their five-year averages in return on equity and The Post raised return on total capital in 1983. True, most other newspaper companies did not, but, considering the severity of the recession, they did remarkably well, putting the whole industry in a powerful position as the economy moves into a classical cyclical recovery. Advertising lineage, in the doldrums in 1982, started climbing again in 1983. Classified ads for employment, housing and real estate, always the most sensitive to swings in the economy, led the way sharply with a 23% increase in the first nine months—above expectations.

Even in the depths of the advertising decline, newspaper publishers got a respite from the seemingly inexorable rise in the price of newsprint. The paper mills were forced to make those cuts—the first since the Great Depression—because of the publishers' reduced need for paper. With the 1983 advertising recovery, paper prices started rising once again, but not by more than they declined in 1982. The result was wider margins, margins further fattened by continuing automation in an industry once plagued by intractable labor costs.

What about all those newspapers that folded in 1983? Good news for the survivors—and frequently for the proprietors of the defunct papers as well. Because of the demise of the *Philadelphia Bulletin*, Knight-Ridder's *Philadelphia Inquirer* and *Daily News* now share a monopoly in the city, while The Washington Post Co. is cleaning up in its hometown with the 1981 demise of the *Washington Star*. The independent *Buffalo News* is the only daily in that city since the 1982 closing of Cowles' *Courier Express*. In St. Louis, where Newhouse's *Globe-Democrat* was at death's door at year-end, the Justice Department was trying to arrange a rescue. But if it fails, Newhouse will wind up with an interest in the survivor *Post-Dispatch* in return for shutting the *Globe-Democrat*.

All this sets the stage for a powerful upward momentum in earnings in 1984. Wall Street especially likes big-city newspapers like The New York Times Co., The Washington Post Co. and Times Mirror Co., which will most likely see earnings rise over 20% for the year. By contrast, earnings at Harte-Hanks (1982 revenues $394 million), which owns smaller newspapers, mostly in the South, will be up, but not nearly as much.

There's a big-city newcomer on the list this year. In October Chicago's Tribune Co. (the *Tribune* and the New York *Daily News*) went public after 136 years of private control. With 1982 revenues of $1.4 billion, the Tribune Co. ranks number three in revenues behind Times Mirror ($2.2 billion) and Gannett ($1.5 billion). (Two publishing empires just about as big as the Tribune Co.—Newhouse and Hearst—remain in private hands.)

The Tribune Co. has long been an earnings laggard. Its five-year return on equity falls significantly below the industry. But the current outlook is brighter. Not only will its big-city papers benefit from cyclical trends, but the Tribune recently completed a

Gannett Chairman Allen Neuharth
***Sticking to his original projections for* USA Today.**

$185 million expansion and modernization project in Chicago that gives it state-of-the-art offset printing. In New York the *Daily News* has been restored to profitability through labor negotiations and a plant relocation that together could reduce operating expenses by $50 million annually.

Right now newspaper publishing is, basically, an old-technology business, but that's changing fast. Says Allen Neuharth, Gannett chairman: "Most of us in the news and information business are working on how to use the new [computer and telecommunications] technologies to distribute and sell more news and information—in print or electronically."

Gannett is in the forefront with the use of satellite-transmission technology to launch *USA Today* as a national newspaper. In this it follows in the pioneering footsteps of Dow Jones' *Wall Street Journal*. This technology enables Gannett to print in many places, vary the ad content according to region and, by year-end, reach all major population centers within a few hours of printing. *USA Today* probably lost about $85 million pretax in 1983, but Gannett can afford it. Despite the losses, its earnings probably rose 6% last year. Meanwhile, Neuharth is staying with his original projection that *USA Today* will be in the black by 1987. Both Wall Street and Gannett's competitors remain skeptical.

Also looming on the newspaper horizon is videotex, the two-way transaction and information service that reaches the home via the TV screen. Time Inc abandoned its one-way teletext experiment late in 1983, but the industry's eyes are focused on South Florida, where Knight-Ridder started selling its videotex Viewtron system this fall. Viewtron offers a special computer terminal for $600 to hook up to subscribers' TV sets. The customer pays a $12 monthly fee and $1 an hour for phone usage. If the system is a success in south Florida, Knight-Ridder hopes to leverage its $26 million investment by introducing Viewtron into five other markets where it owns papers and into other cities by forging alliances with other publishers. Times Mirror will launch a system similar to Viewtron in Orange County in 1984, and if this is successful, plans to offer a videotex service with The Washington Post Co. in the Washington area. "Newspapers are the natural heirs to this business," says a Knight-Ridder executive.

Dow Jones, which tops the list of newspaper publishers in ROE, made a profit on its database publishing effort for the first time in 1983. "Database publishing is going to be a very substantial part of our business in the future," says Chairman Warren Phillips. By contrast The New York Times Co. got out of the marketing and computer operations of its own electronic information service in 1983, deciding instead to license the electronic reproduction of its database to Mead Corp. "It really wasn't our line of business," says Sulzberger.

Ask Dow Jones' Phillips, though, where he sees his major growth coming from in the future, and his answer is still the *Wall Street Journal*, which provides about 70% of corporate profits today. "There are no signs that we are reaching saturation in that market," Phillips says. "The number of people who are prospective readers—people with high income, high education—is growing faster than the general population." There are reports that the *Journal*, which went into two sections in 1980, plans to add even more pages in the fairly near future.

As the U.S. moves from the industrial age to the knowledge-communications age, the newspaper business is clearly a good place to be. ■

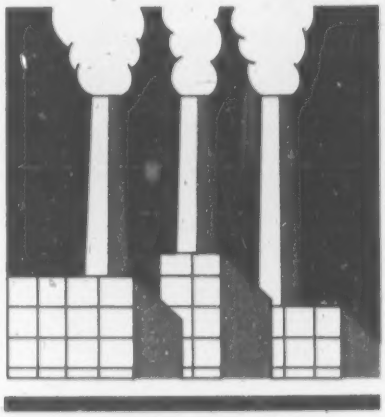
Publishing

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Dow Jones	1	32.1%	31.3%	0.1	2	28.8%	27.8%	12.7%	5	18.0%	6	17.9%
Dun & Bradstreet	2	31.3	32.0	0.0	1	31.1	32.1	10.4	7	16.2	4	18.3
Deluxe Check Printers	3	29.0	28.9	0.0	3	26.5	26.1	12.2	10	15.1	3	18.3
McGraw-Hill	4	22.3	22.5	0.0	4	20.2	20.8	9.7	15	12.3	7	17.4
Washington Post	5	22.3	23.9	0.0	7	18.1	20.9	7.3	12	13.6	10	14.5
Capital Cities Commun	6	22.1	19.5	0.1	6	18.6	18.2	14.8	3	19.0	1	21.1
Gannett	7	21.4	20.0	0.3	9	17.2	15.5	11.3	1	23.8	9	15.3
A C Nielsen	8	20.9	22.1	0.1	5	20.1	21.1	7.3	4	18.5	8	15.6
Equifax	9	20.1	22.2	0.1	10	16.8	18.6	3.5	18	9.5	16	6.6
New York Times	10	19.1	19.8	0.4	11	15.6	13.1	6.5	13	13.4	2	18.5
Interpublic Group	11	18.8	16.5	0.1	8	17.7	16.4	4.0	6	16.7	14	9.9
Times Mirror	12	18.6	17.3	0.5	13	14.6	12.0	7.2	9	15.2	13	12.6
Meredith	13	18.6	20.1	0.5	15	12.5	12.9	8.4	11	13.8	5	18.1
Knight-Ridder News	14	16.3	14.8	0.1	12	14.6	13.2	8.1	16	11.9	12	14.0
R R Donnelley & Sons	15	16.1	17.5	0.0	14	13.9	14.2	7.4	8	15.8	11	14.2
Harcourt Brace Jovan	16	13.6	15.2	0.6	17	9.6	9.8	4.0	14	12.5	17	6.4
Time Inc	17	12.5	10.6	0.3	16	10.1	8.5	4.0	2	23.0	15	6.7
Tribune	18	11.7	10.3	0.6		**	6.7	4.0	17	9.9‡‡	18	−4.5‡‡
Macmillan	19	4.4	15.2	0.3	18	4.5	13.0	5.4	19	−1.5	19	−18.0
Industry medians		19.1	19.8	0.1		17.0	15.5	7.3		15.1		14.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡‡Three-year growth. **Not available; not ranked.

Every diversified company wants to be "focused" today, with its assets redeployed in all the right areas. Very few are.



Diversified companies

By Jay Gissen

"JETTISONING THE JUNK" is what some might call this new chapter in the conglomerate saga.

Of course, that's not what the chief executives call it at Penn Central, Ogden, Alco Standard, Gulf & Western, U.S. Industries or IU International. At those companies they say they're redeploying their assets, divesting, deconglomerating or consolidating. At City Investing, Northwest Industries, FMC and Litton they're thinking about becoming what Northwest Chairman Ben Heineman, 69, calls a "focused conglomerate."

If that means concentrating on those acquisitions you seem to understand best, then Penn Central qualifies as a focused conglomerate. It had been busy company-shopping, shrewdly for the most part, since it came out of bankruptcy in 1978. PC finally divested itself of its Arvida real estate development subsidiary whose cyclical performance and dreary growth prospects don't fit in with PC's new emphasis. Penn Central will now derive well over half its revenues and profits from oil- and gas-related products and services and the rest from electronics and telecommunications (through its GK Technologies subsidiary, acquired in 1981). The oil and gas glut is depressing earnings now, but with $2.3 billion in tax-loss carryforwards and more divestitures expected this year, PC CEO Al Martinelli will not lack the wherewithal to consolidate the company's position in the two areas where he has decided to concentrate.

Also "focusing" are U.S. Industries and Gulf & Western. U.S. Industries is

Litton Industries CEO Fred O'Green
He has $1.24 billion cash to help make Litton less diversified.

essentially getting out of its consumer-oriented businesses right in the midst of a consumer-led recovery because, belatedly, Chairman Gordon Walker decided the product lines had inadequate market share. Walker now plans to concentrate instead on industrial equipment and building materials, two rather obvious choices one year into a recovery.

USI's Walker and Penn Central's Martinelli scarcely see eye-to-eye with Gulf & Western's Martin Davis. G&W is getting out of building materials, energy products and natural resources to concentrate on consumer and industrial products, entertainment and finance. G&W's Davis is steadily selling the company's assets, which should generate some $275 million in cash.

Alco Standard has decided to concentrate on distribution. With the sale of some 45% of its manufacturing assets (23 manufacturing companies were sold in 1983), over 80% of sales and over two-thirds of profits will come from the distribution area. Explains CEO Ray Mundt: "We have recognized that we can do best those things that we know about." Mundt's strategy now is to fill in the geographic areas where Alco Standard is not yet distributing, using, of course, cash generated from the recent divestitures. Litton Industries is getting out of business systems and will spend some of its $1.24 billion in cash on technology-related acquisitions. "We were too diversified," says Litton's CEO Fred O'Green. "Now we are sharpening the focus."

The impetus for the focused conglomerate trend is obvious. Something had to be done. One glance at the latest-12-months columns in the Forbes Profitability rankings shows that diversified companies and conglomerates suffered more than the average company, because of their concentration in the older and still depressed industries like machine tools, construction, materials handling machinery, aviation and energy. Look at Amfac. It's in six different businesses, most of which are lagging competitors. Its five-year average return on capital is a dismal 6.3%. Bangor Punta is in similar straits, with a five-year average return on capital of 5.1%. Even longtime Wall Street favorite Henry Singleton of Teledyne was having trouble in construction machinery, in specialty metals, in offshore rigs and in property and casualty insurance.

"A lot of managers began to understand ten years ago that there was a second financial statement called the

75

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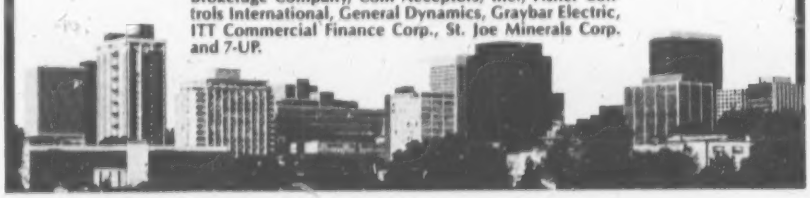

This is for all those who ever wonder who runs the United Way.

This is Wally Behnke, Frank Cole, Linda Thoren and Ken Smith. They're United Way volunteers. Just four of the many volunteers who help run the United Way in different communities across the country.

Volunteers who help raise funds. And, in turn, make the tough decisions of how the money can be put to the best use in their own community.

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United Way
Thanks to you it works for ALL OF US.

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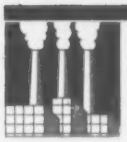

balance sheet and not just one called a profit and loss statement," says AMF CEO W. Thomas York. AMF, which grew rich in the bowling boom of the mid-Fifties through the early Sixties, became a leisure time conglomerate and tried electronics controls and oil services. Through 1981 its return on assets and return on equity had steadily improved and debt had come down. For most of 1983, however, the company ran into the red because of the downturn in oil services.

Debt reduction has been the order of the day among conglomerates. For the period 1968-73, for example, conglomerate net debt was greater than general industry net debt—45% of capital vs. 24%. Since 1973 the excess has decreased, disappearing entirely in 1981. Today it is slightly less than general industry net debt. At Litton Industries, for example, long-term debt is now down to $233 million after being as high as $643 million several years ago. Among the other big long-term debt reducers: Signal, Allied, TRW, National Distillers and FMC. Plus, at year-end 1982, conglomerate short-term debt was 3.6% of invested capital vs. 8.8% for general industry.

But there is a cost to these better-looking balance sheets: older plant and equipment.

Most of the improvement in conglomerate balance sheets stems from restricting capital spending relative to sales growth. The conglomerates' invested capital has been growing much more slowly than general industry's since 1973—7.6% vs. 11.3%. Those numbers are all the more dramatic,

Diversified companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Multicompanies												
Esmark	1	25.1%	18.5%	0.6	4	14.8%	12.3%	3.5%	23	–5.5%	1	21.8%
American Brands	2	22.1	19.5	0.2	3	16.5	15.2	5.6	8	8.6	2	18.0
IU International	3	21.1	13.1	0.8	11	9.4	8.0	2.2	21	1.8	4	13.3
Minn Mining & Mfg	4	21.1	18.5	0.1	1	18.3	16.1	9.6	5	11.6	8	11.5
General Electric	5	20.3	19.4	0.1	2	18.3	17.7	7.3	6	9.9	7	12.0
Martin Marietta	6	17.9	22.3	1.4	9	11.4	6.4	2.8	1	17.8	5	12.7
American Standard	7	17.7	8.5	0.4	7	12.8	6.4	2.4	17	6.0	9	10.2
Rollins	8	17.1	1.8	0.0	5	14.7	1.9	1.0	4	12.8	11	7.5
Westinghouse Electric	9	15.4	12.8	0.2	6	13.7	12.1	4.3	12	7.8	3	15.5
Borg-Warner	10	13.5	12.1	0.2	8	12.3	10.9	5.1	7	8.9	6	12.5
City Investing	11	13.0	9.7	1.2	13	9.2	8.5	2.2	2	15.3	10	9.5
FMC	12	12.8	12.1	0.3	12	9.3	8.6	4.6	11	7.9	12	7.1
Household Intl	13	11.8	13.5	2.1	19	6.8	7.3	2.5	3	14.1	15	0.9
Corning Glass Works	14	11.5	9.7	0.4	10	9.9	7.3	6.2	14	7.4	13	5.7
Union Carbide	15	11.1	4.3	0.4	18	8.1	3.8	2.5	10	8.0	16	0.9
Intl Tel & Tel	16	10.9	10.1	0.5	16	8.9	8.5	4.2	18	5.9	14	3.3
Textron	17	10.2	6.7	0.2	15	8.9	6.4	2.9	19	3.8	18	–1.7
RCA	18	10.1	8.4	0.8	14	9.0	7.8	2.5	9	8.2	19	–2.2
National Distillers	19	9.8	4.4	0.2	17	8.1	4.5	2.3	15	6.3	20	–2.4
Olin	20	8.2	6.9	0.3	20	6.5	5.7	3.0	16	6.1	17	–0.9
AMF	21	6.5	def	0.4	21	5.4	def	def	20	1.9	21	–6.8
Koppers	22	5.1	0.5	0.4	22	5.3	2.8	0.8	13	7.5	23	–16.2
U S Industries	23	3.1	7.8	0.2	23	3.6	6.8	3.0	22	–4.7	22	–11.0
Medians		**12.8**	**9.7**	**0.4**		**9.3**	**7.3**	**2.9**		**7.8**		**7.1**
Conglomerates												
Teledyne	1	26.2%	12.0%	0.3	2	19.8%	10.4%	8.7%	20	7.9%	3	24.5%
Litton Industries	2	24.7	14.0	0.1	4	17.3	11.1	4.9	21	6.3		D–P
Raytheon	3	23.0	17.4	0.0	1	22.0	17.0	5.2	7	15.1	5	17.8
Lear Siegler	4	22.1	15.2	0.3	5	14.8	12.1	4.5	13	12.3	6	16.0
Northwest Industries	5	21.3	1.7	0.5	8	12.5	2.3	0.6	19	9.4	8	13.8
Whittaker	6	19.6	9.7	0.5	3	18.4	14.5	2.0	8	14.6	2	31.4
Fuqua Industries	7	18.6††	39.8	2.7	17	8.3††	17.0	5.4	6	15.6	1	42.0
Alco Standard	8	18.0	14.3	0.4	6	13.1	10.8	2.0	5	16.4	11	10.1
THW	9	17.4	12.2	0.2	10	11.5	8.6	3.5	15	10.9	13	7.7
Scott & Fetzer	10	16.3	15.4	0.4	6	13.1	12.5	5.0	12	12.8	14	6.6
United Technologies	11	16.3	14.7	0.3	9	12.1	11.0	3.4	2	21.1	12	8.9
Figgie Intl Holdings	12	15.8	13.1	0.6	14	9.1	8.8	3.3	22	6.2	7	15.2
W R Grace	13	15.0	7.1	0.5	11	10.4	5.5	2.6	17	9.7	15	6.4
Kidde	14	14.5	10.7	0.6	12	9.6	7.7	3.3	11	13.1	10	11.8
Ogden	15	14.2	10.2	1.1	15	8.7	7.5	3.0	23	5.2	18	3.4

Note: Explanation of Yardsticks calculations on page 38.
††Three-year average. D–P: deficit to profit, not ranked. def: deficit.

and worrying since conglomerates are heavily weighted to capital-intensive businesses, where they often enjoy a commanding market share.

It all boils down to this: The old-time conglomerate à la Jimmy Ling and Charlie Bluhdorn is disappearing. High interest rates helped kill it, but more basically it was an idea whose time never came: A management can do only so many things. "Constant diversity is a trap," says Ken Semelsberger, Scott & Fetzer vice president for finance. The conglomerate had a good run—from the time Royal Little invented it in the 1950s—but it never really worked well. "Focused" conglomerate? Just another way of saying no conglomerate at all. ■

Diversified companies

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Allied Corp	16	11.6%	9.0%	0.2	18	8.2%	7.4%	3.7%	3	18.8%	17	4.4%
Signal Cos	17	11.5	3.4	0.3	13	9.4	4.0	1.3	10	14.1	16	6.2
Penn Central	18	11.0	5.8	0.3	16	8.3	5.4	4.0	1	41.7‡	4	22.4‡
Gulf & Western Inds	19	10.2	def	0.6	20	6.6	def	def	18	9.6	22	–2.8
Allegheny Intl	20	8.8	def	0.8	19	7.7	2.9	def	9	14.1	20	1.8
Amfac	21	8.4	def	0.8	21	6.3	def	def	16	10.2	21	–2.1
IC Industries	22	8.3	4.6	0.8	22	5.5	4.2	1.6	4	16.5	19	3.1
Bangor Punta	23	6.8	def	0.6	23	5.1	def	def	14	11.7	9	13.5
Sybron	24	3.5	def	0.5	25	4.4	def	def	24	3.7	23	–19.0
Chromalloy American	25	2.7	def	0.9	24	4.5	0.9	def	25	3.4	24	–27.2
Medians		15.0	9.7	0.5		9.4	7.5	3.0		12.3		8.3
Industry medians		13.9	9.7	0.4		9.4	7.5	3.0		9.5		7.5
All-industry medians		15.1	12.6	0.4		10.8	8.6	3.5		12.4		9.4

Note: Explanation of Yardsticks calculations on page 38.
‡Four-year growth. def: deficit.

GOOD AS GOLD.

In South Carolina we know that profitable business is good business, and good business is the goose that lays our golden eggs. So we try hard to keep things good for the goose.

Worker productivity here remains among America's highest. Work stoppage rates among the lowest. Worker skills are vast and varied because our Technical Education System is among the nation's best.

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South Carolina

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Many Forbes industry groups are recovery-bound. But the laggards still waiting for better days are holding down the median.

Who's where in the industry groups

THE COMBINED EFFECTS of the recession and the far-reaching transformation taking place in U.S. industry have left their scars. Among the 46 industry groups ranked here, the median return on stockholders' equity was 12.6% for the latest 12 months, compared with 12.7% one year ago. This is an eight-year low.

The five-year average return on equity is also down, from 15.9% to 15.1% last year. Nevertheless, the magnitude of the drop was relatively slight considering the severe winds that have buffeted the economy in recent years.

Another factor to consider is this: If the absolute figures for return on equity didn't look very good, the real rate of return showed definite improvement in 1983.

What do we mean by "real" rate of return? We are referring to the rate of return adjusted for inflation. Inflation over the 12-month period monitored by the 1983 figures ran at a comparatively mild 2.9%, as compared with 5.1% in last year's survey. Thus the real rate of return was 9.7% in 1983, compared with the 7.6% return in 1982.

Forbes [illegible] medians rather than averages to track industry performance. This filters out distortions caused by windfall profits at the top or staggering losses at the bottom. Why are the medians useful? Because they are a standard for measuring individual companies. Did they do better than their industry's median? Or worse?

Industry groups that performed in 1983 close in line to the all-industry median include contractors, insurance, natural gas, apparel and household goods.

There are only a handful of industry groups that fell from being above the all-industry median in last year's annual report to being below the Yardstick this time around; the leisure industry is an example. Industry groups such as computers, food processors and electronics couldn't keep pace with their levels of the previous year.

Oilfield drillers and services registered the biggest decline. Last year this group had a 23% median return on equity for the latest 12 months. It is now a paltry 1%.

From being the most glittering of businesses, oil services overnight became one of the most tarnished of industries. In statistics it's called regression to the mean. Or, in more homely language, the pride that goeth before a fall.

Industry medians

Yardsticks of management performance

Industry	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Brokerage	1	22.9%	29.5%	0.5	1	18.5%	22.7%	6.5%	1	34.3%	1	28.0%
Tobacco	2	22.1	19.5	0.5	13	13.1	12.4	5.6	26	11.9	3	18.2
Health care	3	19.9	18.0	0.4	11	13.3	14.5	6.8	10	16.2	2	19.7
Beverages	4	19.6	16.7	0.5	9	13.6	10.6	5.8	12	15.5	5	16.3
Alcoholic beverages	—	16.8	14.8	0.3	—	10.9	10.4	7.0	—	12.6	—	21.7
Soft drinks	—	20.7	17.3	0.8	—	14.9	10.6	4.5	—	16.7	—	10.4
Oilfield drillers and services	5	19.2	1.0	0.5	11	13.3	2.4	0.6	6	19.3	11	12.5
Publishing	6	19.1	19.8	0.1	2	17.0	15.5	7.3	14	15.1	9	14.5
Toiletries and cosmetics	7	18.7	15.2	0.2	7	13.9	12.6	6.0	29	11.2	27	8.5
Aerospace and defense	8	18.5	14.8	0.2	15	12.9	11.5	3.3	23	12.4	10	12.7
Drugs	8	18.5	19.0	0.2	4	15.3	16.2	10.6	30	11.1	21	10.5
Office equipment and services	10	17.8	14.3	0.2	6	14.0	11.9	3.9	5	19.4	14	12.2
Office equipment	—	10.2	11.8	0.3	—	12.1	11.0	5.1	—	11.2	—	3.7
Office services	—	23.4	18.3	0.2	—	15.1	14.0	3.2	—	19.9	—	17.5
Specialty retailers	11	17.7	17.3	0.5	13	13.1	12.0	3.2	9	16.4	7	15.5
Drug chains	—	19.8	18.6	0.4	—	15.6	13.7	2.8	—	17.1	—	18.8
Fast food chains	—	19.4	19.9	0.6	—	12.1	12.1	4.2	—	18.5	—	18.6
Other specialists	—	15.7	15.0	0.5	—	12.5	11.4	3.5	—	14.6	—	9.1
Electrical equipment	12	17.5	13.3	0.2	3	16.0	12.2	5.4	17	14.2	12	12.4
Energy	13	17.4	9.9	0.4	19	12.0	7.1	3.3	8	18.8	14	12.2
International oils	—	17.7	9.3	0.3	—	13.2	7.4	3.1	—	15.0	—	12.6
Other oil and gas	—	18.4	10.3	0.5	—	12.3	7.2	3.7	—	21.9	—	12.4
Coal	—	4.7	7.7	0.6	—	4.6	5.2	3.0	—	7.8	—	–23.4
Broadcasting	14	17.1	13.7	0.4	5	14.7	9.3	5.4	22	12.8	20	10.9
Truckers and shippers	15	17.0	13.1	0.5	27	9.9	8.6	3.6	39	9.0	22	9.8
Truckers	—	19.1	13.1	0.8	—	9.5	8.6	3.6	—	10.6	—	10.7
Other surface transportation	—	14.4	11.9	0.5	—	10.3	9.0	3.6	—	3.8	—	9.2
Supermarkets	16	16.5	16.2	0.7	24	10.5	10.5	1.3	25	12.1	8	14.7
Major chains	—	17.1	19.0	0.7	—	11.0	11.5	1.4	—	12.1	—	14.0
Regional chains	—	15.7	13.6	0.7	—	10.3	10.1	1.0	—	12.1	—	15.6
Contractors	17	16.1	12.5	0.4	16	12.6	9.1	1.8	16	14.7	5	16.3
Heavy construction	—	16.7	12.5	0.4	—	13.1	9.7	1.8	—	14.9	—	16.3
Home building	—	13.0	12.2	0.5	—	7.9	6.9	3.0	—	13.0	—	8.1
Leisure	18	15.9	10.2	0.4	23	11.0	7.8	4.6	23	12.4	24	9.3
Hotels and gambling	—	18.3	5.4	1.0	—	10.1	7.0	4.7	—	11.8	—	17.1
Entertainment	—	16.3	13.1	0.3	—	14.0	7.2	7.1	—	14.2	—	8.6
Recreation	—	13.8	10.3	0.3	—	11.8	9.8	4.1	—	12.4	—	7.7
Branded foods	19	15.5	15.8	0.4	17	12.4	12.3	3.5	34	10.1	25	9.1
Diversified	—	15.7	15.9	0.4	—	12.0	12.1	3.5	—	10.3	—	8.7
Specialized	—	15.5	15.8	0.3	—	12.6	12.9	4.1	—	10.1	—	11.0
Insurance	19	15.5	12.4	0.1	7	13.9	11.6	6.9	20	13.0	12	12.4
Life and accident	—	14.1	13.0	0.1	—	12.3	10.9	7.5	—	16.8	—	9.2
Fire and casualty	—	17.2	12.4	0.1	—	17.0	11.7	6.6	—	13.1	—	14.6
Multiple line	—	17.4	13.3	0.2	—	14.1	11.6	5.8	—	12.4	—	12.4
Natural gas	21	15.4	12.3	0.7	30	8.9	7.2	3.4	7	19.1	28	8.1
Producers and pipeliners	—	17.5	12.6	0.7	—	9.4	7.1	3.4	—	23.9	—	10.6
Pipeliners and distributors	—	18.9	15.3	0.7	—	10.4	8.7	5.0	—	19.7	—	10.5
Distributors	—	13.2	10.6	0.7	—	7.7	6.9	2.7	—	18.3	—	6.1
Wholesalers	21	15.4	16.0	0.6	18	12.1	11.0	1.3	20	13.0	18	11.7
Food distributors	—	13.1	14.8	0.6	—	10.2	10.7	0.8	—	13.6	—	10.9
Other wholesalers	—	17.1	17.8	0.4	—	13.1	13.8	2.0	—	11.7	—	12.7
Computers	23	15.1	8.9	0.3	9	13.6	7.6	4.3	3	23.2	4	16.6
Industrial equipment and services	24	15.0	7.1	0.3	21	11.5	6.4	3.0	31	10.6	31	7.0
Production equipment	—	13.2	1.7	0.3	—	11.1	1.9	2.4	—	9.9	—	3.3
Specialty equip, materials	—	14.6	8.2	0.3	—	12.0	6.7	3.2	—	10.2	—	6.8
Industrial services	—	20.8	18.3	0.5	—	14.7	11.0	6.0	—	25.0	—	22.1

Note: Explanation of Yardsticks calculations on page 38.

Industry medians

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Electronics	25	14.9%	11.1%	0.3	21	11.5%	8.5%	5.0%	14	15.1%	19	11.3%
Banks	26	14.7	13.2	0.3	19	12.0	11.3	6.7	4	20.4	14	12.2
New York banks	—	14.7	14.6	0.5	—	11.6	11.4	5.3	—	21.7	—	12.3
Regional banks	—	14.6	12.9	0.3	—	12.1	11.3	6.9	—	20.3	—	12.2
Telecommunications	27	14.6	14.4	0.8	39	7.5	7.7	8.7	17	14.2	33	6.3
Food processors	28	14.1	9.2	0.4	25	10.0	7.2	1.7	32	10.5	23	9.4
Meatpackers	—	14.0	10.3	0.8	—	9.3	8.5	0.9	—	7.1	—	9.6
Agricultural commodities	—	15.1	8.3	0.3	—	10.7	6.9	2.1	—	13.0	—	7.5
Diversified companies	29	13.9	9.7	0.4	28	9.4	7.5	3.0	36	9.5	29	7.5
Multicompanies	—	12.8	9.7	0.4	—	9.3	7.3	2.9	—	7.8	—	7.1
Conglomerates	—	15.0	9.7	0.5	—	9.4	7.5	3.0	—	12.3	—	8.3
Chemicals	30	13.2	9.2	0.4	25	10.0	7.1	3.9	35	9.9	36	4.4
Diversified	—	11.6	7.4	0.3	—	8.8	6.0	2.8	—	8.9	—	–0.6
Specialized	—	15.8	11.5	0.4	—	10.7	7.5	5.3	—	10.7	—	10.8
Electric utilities	31	12.9	14.9	0.8	40	7.2	7.9	12.1	19	14.0	37	3.7
Northeast	—	12.6	14.9	0.8	—	7.3	8.3	11.1	—	12.9	—	4.7
Midwest	—	13.2	15.6	0.9	—	7.2	7.9	12.5	—	13.5	—	3.9
Southeast	—	12.4	13.9	0.8	—	6.6	6.9	11.1	—	13.8	—	3.0
Southwest	—	14.0	15.7	0.8	—	7.7	8.4	13.0	—	17.6	—	4.6
West	—	12.8	13.8	0.9	—	7.9	8.0	15.3	—	19.0	—	3.3
General retailers	32	12.5	13.8	0.7	29	9.3	10.4	2.8	27	11.7	29	7.5
Department stores	—	12.2	13.6	0.6	—	9.4	10.6	3.5	—	11.2	—	7.7
Discount and variety stores	—	12.9	14.1	0.8	—	9.3	10.3	2.3	—	11.7	—	4.9
Financial services	33	11.8	9.1	1.7	33	8.3	6.3	3.5	11	15.8	39	1.8
Packaging	34	11.0	5.4	0.5	35	8.0	6.0	1.9	33	10.3	35	6.1
Apparel	35	10.9	12.9	0.3	30	8.9	10.5	3.5	43	7.3	26	8.7
Clothing	—	12.2	13.7	0.3	—	11.0	11.2	3.6	—	7.8	—	11.7
Textiles	—	8.3	7.9	0.4	—	7.0	6.8	3.0	—	5.8	—	1.9
Shoes	—	22.9	20.3	0.2	—	17.0	16.2	4.3	—	11.9	—	19.1
Railroads	36	10.8	8.0	0.5	41	7.1	5.3	5.4	28	11.5	17	11.8
Household goods	37	10.6	12.7	0.4	32	8.5	9.7	3.8	37	9.4	34	6.2
Appliances	—	10.5	12.8	0.4	—	8.4	10.0	3.3	—	7.8	—	4.0
Housewares and furnishings	—	9.4	9.5	0.4	—	7.2	7.2	2.7	—	10.3	—	–2.3
Housekeeping products	—	16.4	17.7	0.3	—	13.6	14.2	5.6	—	10.1	—	8.3
Forest products	38	9.9	4.5	0.5	37	7.6	4.3	2.4	38	9.3	38	2.0
Nonferrous metals	39	9.4	def	0.6	34	8.2	1.8	0.4	40	8.9	32	6.4
Building materials	40	9.2	8.0	0.5	37	7.6	6.4	2.6	42	7.9	40	–0.1
Lumber	—	8.4	3.4	0.6	—	6.0	3.4	1.7	—	9.4	—	–5.2
Cement and gypsum	—	9.8	2.7	0.9	—	7.8	3.7	2.3	—	7.5	—	0.6
Other building materials	—	8.6	9.4	0.5	—	7.2	7.3	2.8	—	7.8	—	–4.6
Building equipment	—	14.8	11.0	0.5	—	11.3	8.5	2.8	—	9.3	—	10.3
Auto suppliers	41	8.9	8.4	0.4	36	7.9	6.8	2.7	41	8.2	41	–2.2
Tire and rubber	—	5.1	6.5	0.5	—	5.2	5.6	2.4	—	4.7	—	–7.8
Partsmakers	—	11.9	11.2	0.4	—	9.7	8.0	3.2	—	9.2	—	–0.2
The thrifts	42	6.9	21.0	0.3	42	6.8	18.9	4.6	2	23.7	45	–24.0
Construction, mining, rail equipment	43	6.5	def	0.7	43	5.8	def	def	44	5.8	42	–13.6
Heavy equipment	—	4.2	def	0.5	—	4.3	def	def	—	5.3	—	–22.7
Rail equipment	—	9.8	def	1.2	—	6.2	1.7	def	—	6.9	—	–0.2
Steel	44	4.2	def	0.5	44	5.1	def	def	45	5.6	43	–14.6
Autos and trucks	45	3.8	def	0.4	45	4.5	1.2	1.3	46	5.0	44	–17.3
Airlines	46	def	def	1.5	46	3.0	0.7	def	12	15.5	46	P–D
All-industry medians	—	13.1	12.6	0.4	—	10.8	8.6	3.5	—	12.4	—	9.4

Note: Explanation of Yardsticks calculations on page 38.
P–D: profit to deficit. def: deficit.

The true test of management is what kind of return it earns on its shareholders' capital. For growth without profitability is worse than no growth at all.

Who's where in profitability

EARNINGS ARE ONLY meaningful when expressed in terms of the size of the company that generates them. Earnings of $5 million might be fantastic for a tiny growth company but a near disaster for a Goliath like Mobil. The way to put earnings into perspective is to match them to shareholders' equity. Accountants call this ROE—return on equity—but we call it "basic profitability," and it is expressed as a percentage of equity capital. A company with $1 million in equity capital and profits of $150,000 would have an ROE, basic profitability, of 15%.

To see how most Yardsticks companies fared in profitability in 1983, refer to the report on page 250. The all-industry median ROE for the latest 12 months for all 1,008 companies is 12.6%, off a shade from 1982's 12.7%. No surprise that brokerage houses show the highest return, 29.5%. Tobacco is second again. Meanwhile, nonferrous metals, construction, mining and rail equipment, autos and trucks, steel and airlines all show negative returns. These are rough times for heavy industry.

Be warned, though: These figures for basic profitability can be distorted. A company may take huge writeoffs against stockholders' equity that shrink, temporarily at least, its equity base. Obviously, even mediocre earnings will look outstanding when expressed as a percentage of that shrunken equity base. End result: an extraordinarily high, and misleading, return on equity. In the past, both Geico and Lockheed were good examples of this. But they have since rebuilt their equity.

A decline in ROE, if from a very high base, isn't necessarily a danger sign. Apple Computer is still ranked number one with its five-year average ROE of 100.5%. But now look at Apple's performance for the latest 12 months—a still impressive, but significantly smaller, 28.4%. There is no way in the world that any company could continue earning 100% on equity. Competition always sees to that and certainly has in Apple's case.

Since return on equity only measures profits against what shareholders have invested in a business, and doesn't show what the company has borrowed, Forbes also calculates return on total capital—stockholders' equity plus long-term debt. Generally this is a more reliable measure of profitability because it measures the true amount of capital companies have invested in the business. Be cautious about a company with a high ROE but a mediocre return on capital; that company may be leveraged to the danger point and vulnerable to a downturn or setback. Look at Big Bear, a relatively new NASDAQ listing. This Ohio-based supermarket chain ranks sixth with its five-year average return on equity of 48.9%. But now look to the right at its five-year return on capital: just 16.4%, which ranks 150th. Big Bear's dynamic ROEs come from heavy debt leverage.

Using the federal government's gross national product price deflator as a rough guide, inflation has averaged 7.6% a year over the most recent five years. A third of the companies surveyed failed to show a return on capital that matched inflation in 1982, and in 1983 it got worse: More than 40% of the firms failed the same test. The outlook for next year is brighter as the economy continues to improve, but, clearly, profitability in U.S. industry isn't what it should be.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Apple Computer	1	100.5%	28.4%	1	110.4%	28.2%	Allied Bancshares	64	26.3%	25.3%	27	23.9%	24.1%
Metromedia	2	80.6	55.1	8	31.5	18.2	Teledyne	65	26.2	12.0	67	19.8	10.4
NIKE	3	77.6	30.3	2	65.6	30.0	Savannah Foods	66	26.2	35.1	114	17.2	25.4
Coleco Industries	4	59.7	44.2	6	35.2	27.0	Shaklee	67	25.7	28.0	68	19.8	23.2
Subaru of America	5	59.2	45.8	3	54.1	39.1	Toys "R" Us	68	25.5	20.6	50	21.1	19.3
Big Bear	6	48.9	35.9	150	16.4	17.3	Pennzoil	69	25.4	12.9	316	12.9	7.1
Tandy	7	45.2	29.3	12	28.8	25.9	First Executive	70	25.3	18.2	23	24.6	20.5
Fin Corp of America	8	42.8	82.0	20	25.3	52.7	Melville	71	25.3	21.6	76	23.9	21.2
Standard Oil Ohio	9	42.8	23.0	55	20.7	14.5	Dover	72	25.2	16.7	37	22.3	15.5
ROLM	10	41.4	10.9	5	38.3	10.5	Esmark	73	25.1	16.5	205	14.8	12.3
Comdisco	11	40.8	46.0	34	23.0	30.8	Wendy's International	74	24.8	19.5	65	20.0	14.7
L B Foster	12	39.8	def	621	8.8	def	Turner Construction	75	24.8	25.4	46	21.4	17.4
ServiceMaster Inds	13	39.7	44.2	4	40.0	43.3	Litton Industries	76	24.7	14.0	113	17.3	11.1
GEICO	14	38.6	24.9	39	22.2	20.4	Dorchester Gas	77	24.6	12.7	239	14.2	7.2
Phibro-Salomon	15	36.5	25.1	14	28.1	19.0	Kelly Services	78	24.5	18.3	24	24.6	18.2
Charter	16	35.8	3.3	53	20.9	5.3	Freeport-McMoran	79	24.3	12.4	136	16.7	6.7
Bruno's	17	35.3	28.8	31	23.5	22.3	Abbott Laboratories	80	24.2	25.1	71	19.6	20.5
SmithKline Beckman	18	35.1	26.4	9	31.2	23.3	Levi Strauss	81	24.0	19.2	47	21.3	17.4
Mitchell Energy & Dev	19	35.0	18.6	360	12.4	7.9	Fort Howard Paper	82	24.0	22.7	82	18.9	18.3
Student Loan Mktg	20	34.7	43.4	663	8.3	6.2	AMP	83	23.9	20.1	52	20.9	17.8
American Home Products	21	33.9	34.7	7	30.4	32.4	Nucor	83	23.9	10.5	87	18.6	9.4
Federal Express	22	33.7	22.0	41	21.0	14.7	ConAgra	85	23.9	19.8	139	16.6	15.5
Schlumberger	23	33.6	21.7	11	31.1	20.3	Trinity Industries	86	23.8	7.0	83	18.8	6.6
Texas Oil & Gas	24	33.3	31.9	159	16.1	15.2	Maytag	87	23.7	27.5	40	22.1	23.7
Limited	25	33.2	40.0	28	23.8	25.5	PHH Group	88	23.7	20.0	808	6.6	8.3
Wal-Mart Stores	26	33.1	33.0	44	21.5	21.1	Philip Morris	88	23.7	23.7	303	13.1	12.4
Humana	27	32.6	34.2	364	12.4	14.7	Pioneer Hi-Bred Intl	90	23.6	13.1	58	20.5	12.2
Pulte Home	28	32.3	49.1	125	17.0	26.1	American Stores	91	23.6	25.6	177	15.5	14.2
Dow Jones	29	32.1	31.3	13	28.8	27.8	Nalco Chemical	92	23.5	18.4	36	22.9	17.8
Food Lion	30	31.9	26.9	19	25.7	21.2	Avon Products	93	23.5	14.9	33	23.1	11.7
G Heileman Brewing	31	31.7	28.7	43	21.9	14.5	United Energy Resources	94	23.5	5.7	152	16.3	4.5
Dun & Bradstreet	32	31.3	32.0	10	31.1	32.1	Computer Sciences	95	23.4	11.0	208	14.7	9.1
Wang Laboratories	33	31.3	20.8	59	20.5	15.3	Hilton Hotels	96	23.4	18.6	107	17.5	13.2
Pioneer	34	30.7	21.2	138	16.6	10.8	Big V Supermarkets	97	23.3	18.2	164	15.8	12.5
MCI Communications	35	30.6	28.1	97	18.2	13.6	Houston Natural Gas	98	23.2	15.1	209	14.7	10.6
E F Hutton Group	36	30.3	31.1	22	24.8	22.7	IBM	99	23.2	25.6	49	21.2	22.6
EG&G	37	29.6	25.3	18	26.4	23.3	Fremont General	100	23.1	def	96	18.3	1.5
Todd Shipyards	38	29.2	17.1	126	16.9	10.4	Western Co No Amer	101	23.1	def	424	11.5	2.9
General Cinema	39	29.2	54.3	165	15.8	22.0	Dean Foods	102	23.0	22.3	130	16.8	17.5
Allegheny Beverage	40	29.0	35.3	252	14.0	10.2	Raytheon	103	23.0	17.4	42	22.0	17.0
Deluxe Check Printers	41	29.0	28.9	17	26.5	26.1	Ashland Oil	104	23.0	5.7	356	12.4	5.1
Global Marine	42	28.9	13.7	291	13.3	6.6	Waste Management	105	22.9	18.0	149	16.4	13.5
MEI	43	28.5	27.1	114	17.2	15.4	Brown-Forman Dist	106	22.9	21.6	102	17.8	18.5
Tosco	44	28.3	def	531	9.9	def	Merrill Lynch	107	22.9	26.9	90	18.5	20.3
Swift Independent	45	28.1	22.1	172	15.6	14.6	Valero Energy	108	22.8	13.7	428	11.4	7.5
Tesoro Petroleum	46	28.1	12.9	161	16.0	10.1	Republic New York	109	22.8	18.6	174	15.6	13.6
VF	47	27.9	37.5	29	23.8	32.3	Merck	110	22.8	20.2	76	19.2	15.8
SEDCO	48	27.9	33.8	177	15.5	18.2	McDonald's	111	22.8	21.7	290	13.3	13.3
Kellogg	49	27.7	27.6	30	23.6	25.2	Trust Co of Georgia	112	22.7	24.0	75	19.3	21.6
Worthington Inds	50	27.6	17.2	101	17.9	11.6	Resorts Intl	113	22.7	10.1	100	18.0	8.3
First Boston	51	27.6	29.5	15	27.6	29.7	Bristol-Myers	114	22.6	22.9	51	21.0	21.5
Marsh & McLennan Cos	52	27.6	26.2	16	27.0	23.4	Rite Aid	115	22.6	22.6	61	20.2	20.1
Natl Convenience Stores	53	27.5	23.1	284	13.5	11.1	Alexander & Alexander	116	22.6	def	21	25.0	0.5
Parsons	53	27.5	25.3	25	24.2	23.2	Loews	117	22.5	22.2	338	12.6	14.1
SCOA Industries	55	27.5	20.7	121	17.2	13.3	Entex	118	22.5	19.7	369	12.3	11.5
Occidental Petroleum	56	27.3	def	203	14.9	3.1	Albertson's	119	22.4	19.0	276	13.6	13.0
Lockheed	57	27.0	50.6	459	10.9	23.2	McGraw-Hill	120	22.3	22.5	60	20.2	20.8
Super Valu Stores	58	26.8	22.6	90	18.5	16.2	Murphy Oil	121	22.3	16.3	262	13.9	11.3
James River Corp Va	59	26.7	25.0	137	16.7	17.5	Washington Post	122	22.3	23.9	99	18.1	20.9
Mission Insurance	60	26.6	12.4	32	23.5	11.7	Coca-Cola	123	22.2	19.9	62	20.2	16.4
Emery Air Freight	61	26.5	24.1	38	22.3	13.5	Kaneb Services	124	22.1	16.2	296	13.2	9.4
Tyco Laboratories	62	26.5	13.2	220	14.5	8.9	Fairchild Industries	125	22.1	6.1	145	16.5	6.5
Electronic Data Systems	63	26.4	27.4	34	23.0	22.7	American Brands	126	22.1	19.5	148	16.5	15.2

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Reynolds Metals	883	5.3%	def	914	4.1%	def
Northwestern Steel	884	5.1	def	881	5.2	def
Koppers	885	5.1	0.5%	873	5.3	2.8%
Bell & Howell	886	5.1	19.2	894	4.7	14.5
Eaton	887	5.0	2.0	910	4.3	3.7
Primark	888	4.9	5.3	921	3.9	4.4
Pittston	889	4.7	def	900	4.6	def
Polaroid	890	4.5	3.7	893	4.8	4.1
Allen Group	891	4.5	def	895	4.7	2.3
AMAX	892	4.4	def	866	5.5	def
Macmillan	893	4.4	15.2	901	4.5	13.0
F W Woolworth	893	4.4	14.1	911	4.2	10.4
American Can	895	4.3	6.7	912	4.2	6.5
H F Ahmanson	896	4.2	12.6	917	4.0	11.6
Beneficial Corp	897	4.1	9.1	884	5.1	5.9
Zenith Radio	897	4.1	5.9	904	4.5	5.5
Crown Zellerbach	899	3.9	2.8	914	4.1	4.1
Genesco	900	3.9	def	896	4.7	3.7
Fruehauf	901	3.8	def	901	4.5	1.2
Scot Lad Foods	902	3.8	def	907	4.4	2.3
B F Goodrich	903	3.7	def	892	4.8	2.3
Del E Webb	904	3.7	0.7	873	5.3	3.9
Oak Industries	905	3.6	def	644	8.5	def
Sybron	906	3.5	def	905	4.4	def
Savin	907	3.5	def	434	11.3	def
J P Stevens	908	3.4	2.9	919	3.9	3.6
Manville	909	3.3	9.4	909	4.3	6.8
Cyclops	910	3.2	def	922	3.8	def
Northwest Airlines	911	3.2	4.2	947	2.4	3.4
General Public Utils	912	3.1	3.2	922	3.8	3.8
U S Industries	913	3.1	7.8	925	3.6	6.8
Phelps Dodge	914	2.9	def	940	2.9	def
Firestone	915	2.8	7.3	932	3.1	5.7
Gt Western Financial	916	2.8	5.6	918	3.9	6.1
Chromalloy American	917	2.7	def	903	4.5	0.9
Dravo	918	2.7	def	908	4.4	def
Clark Equipment	919	2.4	3.1	946	2.6	3.8
Kane-Miller	920	2.3	def	928	3.3	def
Foodarama Supermkts	921	2.2	3.8	914	4.1	5.4
Peabody Intl	922	2.2	6.2	913	4.1	5.5
A O Smith	923	2.1	2.2	930	3.2	3.7
Mohasco	924	1.9	3.0	942	2.8	3.3
Hanna Mining	925	1.8	def	949	2.1	def
Southwest Forest Inds	926	1.7	def	864	5.5	0.5
Kaufman & Broad	927	1.7	0.9	938	3.0	4.0
Lukens	928	1.6	def	934	3.0	def
Amer Hoist & Derrick	929	1.6	def	944	2.7	def
Kerr Glass Mfg	930	1.5	def	899	4.6	def
Borman's	931	1.5	0.8	931	3.1	2.5
Alexander's	932	1.4	7.9	945	2.7	5.3
National-Standard	933	1.3	def	955	1.6	def
United States Steel	934	1.1	def	922	3.8	def
Nashua	935	1.0	def	937	3.0	def
CertainTeed	936	0.6	8.2	941	2.8	7.1
Westmoreland Coal	937	0.4	4.5	948	2.1	5.1
Mack Trucks	938	0.1	def	943	2.8	def
AMR	939	def	9.9	936	3.0	6.8
Jonathan Logan	940	def	13.3	963	0.9	11.8
Toro	941	def	1.4	891	4.8	4.8
Inland Steel	942	def	def	958	1.1	def
Trans World	943	def	def	920	3.9	3.6
Chic Pneumatic Tool	944	def	def	934	3.0	def
Uniroyal	945	def	4.8	951	1.8	4.7
Fedl Natl Mortgage	946	def	5.1%	876	5.3%	5.5%
Graniteville	947	def	def	962	1.0	def
UAL	948	def	2.0	954	1.6	3.8
Republic Steel	949	def	def	965	0.0	def
Armco	950	def	def	964	0.1	def
Ford Motor	951	def	14.0	966	def	10.4
Evans Products	952	def	def	865	5.5	def
Gibraltar Financial	953	def	21.0	961	1.0	18.9
Singer	954	def	0.1	952	1.7	3.0
Ramada Inns	955	def	def	927	3.3	4.3
Cook United	956	def	def	933	3.0	0.7
Kaiser Steel	957	def	def	970	def	0.8
Gulf Resources & Chem	958	def	11.8	950	2.0	7.3
Talley Industries	959	def	7.6	953	1.7	7.2
Wheeling-Pitts Steel	960	def	def	959	1.1	def
Interstate Bakeries	961	def	def	960	1.1	def
Marion	962	def	def	897	4.7	def
Mattel	963	def	def	929	3.2	def
National Intergroup	964	def	def	975	def	def
GAF	965	def	def	974	def	3.2
American Bakeries	966	def	def	976	def	def
Keystone Consolidated	967	def	def	981	def	def
Inco	968	def	def	970	def	def
Great Atl & Pac Tea	969	def	8.0	978	def	6.5
Wilson Foods	970	def	def	980	def	def
Bird	971	def	def	983	def	def
NVF	972	def	def	861	5.6	def
Baldwin-United	973	def	def	823	6.4	def
First Pennsylvania	974	def	def	972	def	2.7
Bethlehem Steel	975	def	def	989	def	def
United Brands	976	def	def	987	def	def
Harnischfeger	977	def	def	985	def	def
United Merch & Mfrs	978	def	def	973	def	1.4
Allis-Chalmers	979	def	def	988	def	def
Tiger International	980	def	def	956	1.5	def
Pan Am World Airways	981	def	def	978	def	def
Eastern Air Lines	982	def	def	957	1.3	def
HRT Industries	983	def	def	969	def	def
Revere Copper	984	def	def	982	def	def
General Refractories	985	def	def	990	def	def
Pettibone	986	def	def	984	def	def
Intl Harvester	987	def	def	992	def	def
American Motors	988	def	def	993	def	def
Western Air Lines	989	def	def	977	def	def
Texas Air	990	def	def	939	2.9	def
Republic Airlines	991	def	def	968	def	def
AM International	992	def	NE	995	def	12.7
Wickes Cos	993	def	def	986	def	def
Massey-Ferguson	994	def	def	994	def	def
Chrysler	995	def	NE	991	def	11.8
Rath Packing	996	def	def	996	def	def
Allied Supermarkets	997	def	4.0	926	3.5	5.9
Pantry Pride	998	def	NE	967	def	6.3
American President		**	**		**	**
Calif Federal S&L		**	**		**	**
CIGNA		**	9.4		**	8.9
Glendale Federal S&L		**	**		**	**
Gulfstream Aerospace		**	67.5		**	30.8
Home Federal S&L-Cal		**	**		**	**
Imperial Corp of Am		**	def		**	def
Masonite		**	9.8		**	8.7
Pabst Brewing		**	**		**	**
RLC		**	6.9		**	5.5

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. NE: negative equity. **Not available; not ranked.

American corporate earnings and sales should start growing again, but the pecking order has changed. Forbes ranks 1,008 firms for five-year averages and latest 12 months' growth.

Who's where in growth

UNEASY LIES THE CROWN. For the year 1982 Apple Computer was number one in earnings growth in the Forbes Annual Report. Still going strong, Apple Computer was number five for 1983. This was no mean accomplishment: The Annual Report covers more than 1,000 large U.S. companies (1,008, to be precise). Can Apple stay out front? It won't be easy to maintain the pace that you need to stay with the frontrunners in this kind of competition. For how many years, after all, can you go on doubling your earnings as Apple has?

Top position this year goes to McLean Industries. Run by Malcolm McLean, the pioneer of containerized shipping, this is the holding company for U.S. Lines and Moore McCormack Lines. Shopwell, a New York-based supermarket chain, ranks second, helped by a surge in earnings in 1982 and losses in prior years. But note that Shopwell ranks only 648 on five-year sales growth. Unlike some of its furiously expanding rivals, Shopwell's growth in earnings stems largely from the improved margins and greater efficiencies that resulted from renovating existing stores.

Who else is on top? CNA Financial; ROLM, a manufacturer of sophisticated telecommunications equipment; Beverly Enterprises, a provider of nursing homes and other health care services; textile firm M. Lowenstein. A textile firm? Certainly, because remember this: Earnings growth can come from an improvement in margins as well as from superfast growth in revenues. Others on top: NIKE, a footwear manufacturer, and First Executive, an insurance holding company.

This year two energy-related firms, Global Marine and Valero Energy, are among the top ten in five-year earnings growth. But this is not really a sign of a turnaround in oil. Since we are dealing with five-year averages, these two outfits were carried into the top ranks on the strength of how well they did in 1980 and 1981.

In 1982 only 14 of the 40 fastest-growing companies could be characterized as old-line manufacturing or basic transportation firms. This trend continued in 1983. Only 8 of the top 40 growth performers belonged to Smokestack America. Most of the laurels went to financial services, marketing, and computer and electronics companies.

This distribution of growth patterns is hardly surprising, considering that, while heavy industry was at near depression levels, the newer parts of the economy virtually ignored the recession. Meanwhile, the industries that made America great have been pruning, restructuring and writing off outmoded assets.

Predicting the future is a risky business, but we'll venture to suggest that, once the pruning and modernizing is over, heavy industry will make a spectacular comeback on the Growth Yardsticks—especially for earnings growth. The economy was ever thus, for no trend lasts forever.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
McLean Industries	1	386.3%	30.6%	564	12.1%	27.4%	Hospital Corp of Am	64	26.1%	54.0%	34	34.7%	52.1%
Shopwell	2	163.0	41.1	648	10.6	16.5	Savannah Foods	65	26.0	47.6	883	5.7	2.5
First Executive	3	108.7	75.7	2	91.8	21.3	Merrill Lynch	66	25.7	62.3	63	29.2	45.3
CNA Financial	4	105.3	21.8	763	8.4	6.7	Brown-Forman Dist	67	25.6	34.0	404	15.0	15.1
Apple Computer	5	98.3	92.0	1	122.3	184.9	General Dynamics	68	25.5	80.2	340	16.3	34.8
Global Marine	6	86.5	–13.3	80	27.5	34.6	Cullum Companies	69	25.3	6.6	483	13.4	17.6
Beverly Enterprises	7	74.6	34.0	18	43.5	93.3	Berkshire Hathaway	70	25.0	55.0	492	13.2	5.2
M Lowenstein	8	72.9	40.7	976	1.8	–5.9	EG&G	71	25.0	26.4	202	20.0	21.9
NIKE	9	71.6	84.5	3	71.9	85.9	Resorts Intl	72	24.9	5.6	43	32.8	23.4
Valero Energy	10	67.6	–27.4	423	14.4	–23.7	ServiceMaster Inds	73	24.8	37.0	156	22.2	32.7
Student Loan Mktg	11	66.9	105.4	7	64.6	41.0	VF	74	24.8	86.2	571	12.0	40.9
Subaru of America	12	65.3	68.1	42	33.0	18.7	M/A-Com	75	24.6	–17.6	16	46.0	34.2
Fin Corp of America	13	61.2	303.3	9	58.3	195.5	General Cinema	76	24.6	158.7	433	14.2	11.6
ROLM	14	57.9	4.1	5	65.9	74.7	Teledyne	77	24.5	–27.7	788	7.9	–4.9
Federal Express	15	51.4	51.9	13	50.8	80.8	Natl Convenience Stores	78	24.4	31.3	217	19.6	27.0
Wang Laboratories	16	50.3	80.6	12	51.4	92.8	Wendy's International	79	24.3	25.7	20	42.0	39.7
Caesars World	17	50.3	P-D	57	29.8	4.0	Walgreen	80	24.1	48.4	696	9.8	33.3
Comdisco	18	49.9	148.4	38	33.5	57.0	Allegheny Beverage	81	23.9	38.1	80	27.5	51.7
Metromedia	19	48.5	–38.3	648	10.6	14.2	Murphy Oil	82	23.9	–5.5	318	16.9	6.4
Humana	20	47.1	66.1	37	33.9	33.2	Boeing	83	23.8	–23.7	295	17.8	15.7
Standard Oil Ohio	21	43.3	–12.2	82	27.5	–6.3	Control Data	84	23.7	–1.9	481	13.4	10.3
Fuqua Industries	22	42.0	457.6	370	15.6	–28.5	Midlantic Banks	85	23.5	20.2	151	22.5	19.3
Bergen Brunswig	23	40.6	35.6	211	19.8	65.2	Peoples Drug Stores	86	23.5	40.6	438	14.1	25.9
Pulte Home	24	39.4	208.5	39	33.3	95.1	Zapata	87	23.4	–31.5	896	5.4	–18.8
Thriftimart	25	38.3	–24.9	822	7.3	0.5	SCOA Industries	88	23.3	11.4	585	11.7	14.2
Citizens & Sthrn Ga	26	36.9	25.9	454	13.8	17.8	American Stores	89	23.2	59.2	11	52.8	9.2
Wal-Mart Stores	27	35.6	83.3	29	37.3	69.3	Zayre	90	23.2	65.0	693	9.8	30.0
State Street Boston	28	34.9	9.0	242	19.0	13.7	Tesoro Petroleum	91	23.1	–38.6	121	24.0	–5.8
Tandy	29	34.3	65.2	230	19.2	49.2	SEDCO	92	23.0	46.9	754	8.6	31.7
Superior Oil	30	33.2	–32.4	71	28.5	–0.8	Browning-Ferris Inds	93	23.0	39.4	361	15.9	24.0
Dynalectron	31	32.7	–19.5	405	14.9	10.5	Raychem	94	22.9	–23.2	129	23.5	16.2
Toys "R" Us	32	32.6	41.1	76	27.9	40.1	Storage Technology	95	22.8	–95.7	26	39.6	8.3
First Boston	33	32.2	58.7	17	44.0	54.9	Allied Bancshares	96	22.8	34.8	25	40.2	43.0
Bruno's	34	31.9	60.5	274	18.3	28.8	Ryder System	97	22.8	20.1	237	19.0	18.4
Whittaker	35	31.4	–44.8	421	14.6	1.8	Cross & Trecker	98	22.7	–90.2	522	12.7	–60.7
Business Men's Assur	36	30.9	29.7	895	5.4	13.2	Anixter Bros	99	22.4	–38.6	185	20.7	19.3
Waste Management	37	30.7	31.1	61	29.3	34.0	Penn Central	100	22.4	–28.4	21	41.7	–8.9
Natl Medical Entrprs	38	30.5	54.0	14	48.9	108.7	General Re	101	22.3	15.6	355	15.9	18.8
Trust Co of Georgia	39	30.4	40.2	201	20.0	21.6	Hewlett-Packard	102	22.2	29.0	118	24.3	29.3
E F Hutton Group	40	30.3	60.4	35	34.3	52.1	Rohm & Haas	103	22.0	46.9	680	10.0	0.7
Big Bear	41	30.2	63.4	527	12.6	19.9	R H Macy	104	21.9	58.4	519	12.8	34.9
Texas Oil & Gas	42	30.2	52.4	79	27.7	18.1	Rose's Stores	105	21.9	117.7	829	7.0	29.0
General Instrument	43	30.1	–21.3	467	13.6	–2.2	Esmark	106	21.8	–14.7	1000	–5.5	6.9
Phillips-Van Heusen	44	30.0	76.1	848	6.3	7.2	Turner Construction	107	21.8	28.1	188	20.5	–7.5
James River Corp Va	45	30.0	108.7	10	56.2	245.9	Loews	108	21.8	38.9	578	11.9	11.3
G Heileman Brewing	46	29.4	37.3	62	29.2	36.4	Anheuser-Busch Cos	109	21.7	31.3	252	18.7	47.1
Philbro-Salomon	47	29.3	20.0	49	31.3	16.6	American Intl Group	110	21.7	24.2	264	18.5	–10.3
Cabot	48	29.3	–46.2	133	23.3	1.3	Hilton Hotels	111	21.7	4.8	744	8.7	7.7
Food Lion	49	28.9	39.0	45	32.1	53.9	PHH Group	112	21.7	34.9	52	30.5	51.6
Limited	50	28.9	92.4	46	31.8	108.6	Rite Aid	113	21.6	34.8	291	17.9	26.4
ConAgra	51	28.7	27.8	190	20.3	88.1	Tyco Laboratories	114	21.6	–24.5	50	31.2	39.6
Amer Medical Intl	52	28.6	55.7	73	28.4	54.3	Seagram	115	21.6	–16.0	931	4.1	–4.0
Fairchild Industries	53	28.4	–57.9	117	24.3	–16.7	Supermarkets General	116	21.6	21.4	603	11.3	14.5
Schlumberger	54	27.9	–6.2	147	22.6	–0.3	Big V Supermarkets	117	21.5	6.4	301	17.5	14.5
Mitchell Energy & Dev	55	27.8	–14.2	33	35.4	7.4	Freeport-McMoran	118	21.5	–32.8	233	19.1	3.7
SmithKline Beckman	56	27.7	12.1	109	24.9	39.0	Dean Foods	119	21.2	29.7	348	16.1	15.6
MEI	57	27.5	41.3	77	27.8	35.9	Digital Equipment	119	21.2	–35.1	54	30.2	40.3
USAir Group	58	26.9	–23.6	219	19.5	22.5	Barnett Banks Fla	121	21.1	39.9	113	24.6	52.3
Morton Thiokol	59	26.9	–6.0	541	12.4	107.8	Capital Cities Commun	122	21.1	28.6	244	19.0	28.3
Marriott	60	26.6	27.7	258	18.6	38.0	Shawmut	123	21.1	–6.8	207	19.9	22.2
Bally Manufacturing	61	26.2	–63.2	44	32.2	21.0	Western Co No Amer	124	20.8	P-D	47	31.7	–12.0
Charter	62	26.1	66.0	85	27.2	17.5	Worthington Inds	125	20.7	0.0	108	25.0	20.5
Mission Insurance	63	26.1	–34.1	138	23.0	9.9	Pioneer	126	20.7	–10.3	223	19.3	–4.9

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
First Atlanta	127	20.7%	35.3%	394	15.1%	26.2%
Sysco	127	20.7	39.3	255	18.6	41.3
Republic New York	129	20.7	3.8	22	41.6	–0.6
Munford	130	20.6	28.7	947	3.5	13.3
Perini	131	20.5	7.0	158	22.1	1.0
Dorchester Gas	132	20.5	–34.8	4	67.2	67.0
Super Valu Stores	133	20.4	17.1	376	15.5	19.3
Burlington Northern	134	20.2	36.5	331	16.5	1.9
Bankers Trust NY	135	20.1	1.8	222	19.4	–9.8
Payless Cashways	136	20.1	70.8	78	27.8	62.6
Atlantic Richfield	137	20.1	–7.9	187	20.6	–0.5
Brunswick	138	19.9	–45.4	925	4.5	4.9
Fleet Financial	138	19.9	24.6	303	17.5	10.5
Hanover Insurance	140	19.9	6.0	502	13.0	11.9
Cox Communications	141	19.8	16.0	150	22.5	43.7
Sun Banks	141	19.8	14.7	123	23.9	37.1
Sherwin-Williams	143	19.8	38.7	669	10.2	25.0
Abbott Laboratories	144	19.7	32.6	352	16.0	22.3
Nucor	145	19.6	–29.2	199	20.1	–0.9
Texas Commerce Bshs	146	19.5	23.6	51	30.8	12.0
Parsons	147	19.5	25.1	852	6.2	–7.8
Dover	148	19.4	–13.2	269	18.4	3.0
H H Robertson	149	19.4	–32.4	640	10.7	–10.3
First Union	150	19.3	40.9	157	22.2	18.2
Centex	151	19.3	8.5	415	14.7	6.6
Culbro	152	19.1	–52.2	941	3.7	36.3
Brown Group	153	19.1	23.3	717	9.4	11.6
Revco D S	154	19.0	52.8	248	18.9	40.2
Monfort of Colorado	155	19.0	4,443.1	204	19.9	54.9
United Energy Resources	156	18.9	–72.0	66	29.1	–15.0
Baxter Travenol Labs	157	18.9	36.2	341	16.2	19.6
First Wisconsin	158	18.8	9.6	484	13.4	–6.1
Jerrico	159	18.7	6.0	161	22.0	23.8
Fidelcor	160	18.7	97.3	684	9.9	18.8
New York Times	161	18.5	33.2	477	13.4	24.8
Kelly Services	162	18.5	2.0	209	19.9	9.9
Giant Food	163	18.5	57.3	521	12.7	14.0
Thrifty Corp	164	18.5	31.9	622	11.0	13.9
McDonald's	165	18.4	27.4	355	15.9	18.6
Deluxe Check Printers	166	18.3	36.7	392	15.1	22.4
Dun & Bradstreet	167	18.3	31.7	343	16.2	18.2
Perkin-Elmer	168	18.2	–33.1	181	20.8	–2.1
Cole National	169	18.2	28.3	58	29.6	49.6
Auto Data Processing	170	18.2	28.2	135	23.2	39.6
Philip Morris	171	18.2	26.9	255	18.6	18.3
Meredith	172	18.1	49.2	453	13.8	9.9
Getty Oil	173	18.1	–45.6	92	26.1	–0.5
American Brands	174	18.0	0.1	748	8.6	4.5
Dow Jones	175	17.9	41.4	287	18.0	31.0
Marine Midland Banks	176	17.8	20.5	284	18.2	–5.2
Raytheon	177	17.8	–4.4	394	15.1	7.0
Foster Wheeler	178	17.7	–15.9	813	7.4	–4.5
Transco Energy	179	17.6	–10.0	36	34.2	17.1
Harris Corp	180	17.6	–37.3	274	18.3	–6.1
Datapoint	181	17.6	–56.5	30	36.8	34.3
Trinity Industries	182	17.5	–61.3	259	18.6	–35.3
Electronic Data Systems	183	17.5	57.9	106	25.1	50.5
United Virginia Bshs	184	17.5	29.0	373	15.6	20.6
Bank of Boston	185	17.5	24.7	134	23.3	–3.4
McGraw-Hill	186	17.4	23.9	557	12.3	14.9
United States Shoe	187	17.4	22.0	568	12.1	23.9
AMP	188	17.3	12.0	343	16.2	14.8
G D Searle	189	17.3	42.0	875	5.9	–6.9
Pay Less Drug NW	190	17.3%	21.7%	147	22.6%	6.4%
Sun Chemical	191	17.2	–24.4	462	13.6	21.1
Newmont Mining	192	17.2	–44.2	837	6.8	–15.9
Springs Industries	193	17.1	2.6	831	7.0	0.6
Combustion Eng	194	17.0	–16.9	575	11.9	–11.0
U S Home	195	16.9	25.7	314	17.0	12.1
Albertson's	196	16.9	23.0	316	16.9	18.5
CBT	196	16.9	1.3	246	18.9	28.8
Pneumo	198	16.9	76.3	386	15.3	10.6
Nordstrom	199	16.9	42.0	207	19.9	42.0
Oxford Industries	200	16.8	144.7	630	10.9	54.2
Dillard Dept Stores	201	16.8	81.1	216	19.6	33.8
H J Heinz	201	16.8	28.3	515	12.8	11.1
Baker International	203	16.8	P-D	87	26.8	–11.4
Ceco	203	16.8	–8.5	728	9.2	1.8
Old Republic Intl	203	16.8	21.4	412	14.8	–8.2
Cincinnati Milacron	206	16.7	P-D	749	8.6	–34.7
Jewel Cos	207	16.7	0.4	688	9.9	13.0
Bank of New England	208	16.7	7.3	53	30.4	13.3
NCNB	209	16.7	30.8	143	22.8	27.3
Waldbaum	210	16.5	30.1	529	12.5	12.5
Mercantile Texas	211	16.5	17.7	24	40.5	28.5
National Svc Inds	212	16.5	16.6	658	10.5	10.9
Morrison-Knudsen	213	16.4	1.8	296	17.7	7.8
Melville	214	16.3	14.4	286	18.0	31.0
Ruddick	214	16.3	23.0	612	11.2	7.5
Blount	216	16.3	59.0	472	13.5	6.1
Security Pacific	217	16.2	21.0	145	22.7	9.1
Southern Pacific	218	16.2	250.9	745	8.7	–11.6
Southeast Banking	219	16.2	0.1	182	20.8	10.9
SONAT	220	16.1	24.1	112	24.7	17.4
Hughes Tool	221	16.0	P-D	91	26.2	–20.8
Lear Siegler	222	16.0	–9.3	557	12.3	0.1
Fort Howard Paper	223	15.7	23.5	363	15.8	35.3
Rockwell Intl	224	15.6	26.4	842	6.4	13.8
Weis Markets	225	15.6	25.7	531	12.5	14.5
Hartmarx	226	15.6	30.0	789	7.8	18.2
A C Nielsen	227	15.6	35.5	261	18.5	19.0
Reading & Bates	227	15.6	–57.6	227	19.3	–6.8
Honeywell	229	15.5	–16.6	550	12.4	8.4
Shaklee	229	15.5	69.7	193	20.2	20.8
Pioneer Hi-Bred Intl	231	15.5	–31.9	363	15.8	5.2
Westinghouse Electric	232	15.5	–6.6	789	7.8	3.7
Amer Hospital Supply	233	15.4	24.6	397	15.1	19.3
Gannett	234	15.3	12.1	124	23.8	21.0
Chase Manhattan	235	15.3	9.3	215	19.6	–10.7
Amerada Hess	236	15.2	–37.9	401	15.0	–4.3
American Greetings	236	15.2	29.4	358	15.9	26.7
Houston Natural Gas	238	15.2	–19.9	235	19.1	5.2
Wyman-Gordon	238	15.2	–15.3	550	12.4	–27.2
Figgie Intl Holdings	240	15.2	–5.1	856	6.2	–10.0
ASARCO	241	15.1	–62.8	836	6.8	–7.0
Shell Oil	242	15.1	–5.9	368	15.7	–3.9
PNC Financial	243	15.0	22.6	114	24.5	5.6
Farmers Group	244	15.0	14.1	402	15.0	36.0
Southland	245	14.9	29.4	178	21.0	35.5
Standard Oil Calif	246	14.9	–21.4	544	12.4	–28.7
Consolidated Foods	247	14.9	24.2	390	15.2	17.5
Zurn Industries	248	14.9	–16.4	823	7.2	–10.5
Entex	249	14.8	25.4	145	22.7	29.6
Computer Sciences	250	14.8	–23.8	205	19.9	12.6
Avery International	251	14.8	13.1	560	12.2	15.6
Chubb	251	14.8	0.2	725	9.3	20.5

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Mobil	251	14.8%	-36.9%	339	16.3%	-9.5%
Levi Strauss	254	14.8	7.2	379	15.5	-1.5
Service Merchandise	255	14.7	33.6	69	28.9	31.4
Tektronix	256	14.7	-40.0	184	20.8	11.3
Dibrell Brothers	257	14.7	90.8	733	9.0	-0.9
Clautt, Peabody	258	14.6	29.2	830	7.0	3.7
American Express	259	14.6	22.5	278	18.3	36.9
Unocal	260	14.6	-9.9	540	12.4	-0.9
Universal Leaf	261	14.6	18.5	799	7.6	-7.1
Big Three Industries	262	14.5	-46.0	226	19.3	-11.3
Washington Post	263	14.5	55.0	462	13.6	15.0
Hannaford Bros	264	14.4	26.6	615	11.1	17.3
Archer Daniels Midland	265	14.4	-32.4	465	13.6	33.3
Parker Drilling	266	14.4	P-D	96	25.8	-33.8
Cameron Iron Works	267	14.3	P-D	325	16.6	-9.2
Di Giorgio	267	14.3	-26.4	873	5.9	9.5
Engelhard	269	14.2	4.5	224	19.3	-9.5
R R Donnelley & Sons	270	14.2	36.1	366	15.8	18.3
Intel	270	14.2	25.2	65	29.1	21.4
Alleghany	272	14.2	-1.6	23	40.9	6.0
Valley National	273	14.1	-10.8	174	21.1	11.0
Life Investors	274	14.0	41.2	99	25.6	42.2
General Mills	275	14.0	33.2	529	12.5	16.1
Johnson & Johnson	275	14.0	6.4	413	14.8	10.3
Purolator	277	14.0	30.5	426	14.4	18.7
Knight-Ridder News	278	14.0	14.1	580	11.9	16.9
Stop & Shop Cos	278	14.0	66.9	768	8.1	15.7
American General	280	14.0	25.3	519	12.8	49.4
Snap-On Tools	280	14.0	-1.8	460	13.7	3.4
Kroger	282	13.9	-17.5	500	13.0	27.7
First Interstate Bancp	283	13.8	-0.8	212	19.8	5.1
Northwest Industries	284	13.8	-93.4	715	9.4	-33.9
Piedmont Aviation	285	13.8	-56.1	107	25.1	40.0
Hershey Foods	286	13.7	12.0	273	18.3	14.4
Norfolk Southern	287	13.6	-34.1	764	8.3	-8.4
Kemper	288	13.5	-22.5	179	20.9	12.2
Ohio Casualty	288	13.5	-7.7	561	12.2	6.0
Standard Oil Indiana	290	13.5	-3.3	326	16.6	-0.8
Sundstrand	290	13.5	-45.0	698	9.7	-7.2
Union Pacific	292	13.5	-17.4	166	21.6	39.2
Mercantile Stores	293	13.5	32.5	564	12.1	19.3
Bangor Punta	294	13.5	P-D	586	11.7	-24.7
Transamerica	294	13.5	0.3	737	8.9	8.5
Masco	296	13.5	11.2	360	15.9	20.9
Amer Broadcasting	297	13.4	-2.0	541	12.4	15.3
Exxon	298	13.4	-5.6	467	13.6	-12.0
Banc One	299	13.4	19.6	89	26.3	56.0
Bristol-Myers	300	13.4	25.3	626	10.9	12.7
Chesebrough-Pond's	300	13.4	-1.3	432	14.3	8.6
IU International	302	13.3	-48.8	975	1.8	-5.3
Gulf United	303	13.3	9.4	122	24.0	30.3
Ball Corp	304	13.3	22.4	445	14.0	11.3
Emerson Electric	305	13.2	7.4	382	15.4	4.3
Gelco	306	13.1	P-D	31	36.8	14.3
Flickinger	307	13.0	31.3	590	11.7	23.2
CFS Continental	308	13.0	33.5	544	12.4	26.7
First Natl Supermkts	309	13.0	31.3	179	20.9	1.6
Pillsbury	309	13.0	17.0	281	18.3	17.6
Consolidated Papers	311	12.9	-5.0	596	11.7	4.1
First City Bancorp	311	12.9	-34.6	56	29.9	9.8
Flowers Industries	313	12.9	32.0	387	15.3	36.8
Paine Webber	314	12.9	488.3	41	33.2	52.9
Irving Bank	315	12.8	-3.5	189	20.4	-12.2
Occidental Petroleum	315	12.8%	P-D	175	21.1%	30.2%
Genuine Parts	317	12.8	5.7%	417	14.7	22.6
Alcan Aluminium	318	12.8	-94.5	606	11.3	-1.0
Kimberly-Clark	319	12.7	-12.3	610	11.2	13.1
Std Commi Tobacco	320	12.7	-15.6	144	22.7	-5.9
Martin Marietta	321	12.7	13.8	293	17.8	16.9
Motorola	321	12.7	-1.6	374	15.5	19.0
Nabisco Brands	321	12.7	13.7	808	7.5	0.8
Fischbach	324	12.7	22.2	572	12.0	24.0
W W Grainger	325	12.6	-4.0	475	13.5	3.8
E-Systems	326	12.6	102.4	382	15.4	37.2
Times Mirror	327	12.6	19.3	390	5.2	15.7
Marsh & McLennan Cos	328	12.6	5.5	307	17.4	16.2
Borg-Warner	329	12.5	8.0	738	8.9	17.9
Holiday Inns	330	12.5	10.9	796	7.6	-3.1
General Signal	331	12.5	-27.1	320	16.8	-6.4
American Home Products	332	12.5	21.1	652	10.6	15.3
Safeco	333	12.4	15.9	590	11.7	16.4
Air Prods & Chems	334	12.4	-12.5	513	12.8	7.5
American Natl Ins	334	12.4	38.1	824	7.2	12.0
Fluor	334	12.4	-48.8	94	26.0	-0.1
Pennzoil	337	12.4	-35.1	403	15.0	-9.5
Texaco	337	12.4	-32.0	532	12.5	-20.5
RepublicBank	339	12.4	10.7	70	28.6	4.8
Illinois Tool Works	340	12.3	10.0	648	10.6	8.8
Pacific Resources	341	12.3	-51.4	98	25.7	35.4
Sonoco Products	342	12.3	-5.9	379	15.5	23.4
Wachovia	343	12.2	46.9	235	19.1	12.2
First Natl State Bcp	344	12.2	22.8	225	19.3	18.2
Seaway Food Town	344	12.2	-24.9	538	12.4	14.2
Pitney Bowes	346	12.2	-1.5	221	19.4	13.3
Harvey Hubbell	347	12.2	-8.2	408	14.9	-5.4
Quaker Oats	347	12.2	-36.5	612	11.2	6.9
Mellon National	349	12.2	14.7	170	21.4	15.0
Sun Company	350	12.2	-28.8	240	19.0	1.6
Upjohn	351	12.1	-6.0	599	11.6	6.2
Cooper Industries	352	12.0	-77.5	64	29.1	-21.3
General Electric	352	12.0	18.5	684	9.9	2.3
Gordon Jewelry	354	12.0	-16.9	330	16.5	0.0
Johnson Controls	355	11.9	29.4	101	25.4	18.7
Magic Chef	356	11.9	259.8	193	20.2	22.6
Roadway Services	356	11.9	25.1	632	10.8	4.5
Nalco Chemical	358	11.9	-11.5	643	10.7	0.9
Travelers	359	11.8	-2.5	661	10.4	18.9
Kidde	360	11.8	-17.0	496	13.1	-12.1
Levitz Furniture	360	11.8	62.9	899	5.3	10.8
Panhandle Eastern	360	11.8	-37.3	103	25.3	8.9
Procter & Gamble	360	11.8	26.1	608	11.3	10.0
Pacific Lighting	364	11.8	18.8	136	23.1	25.3
Whirlpool	365	11.7	37.8	856	6.2	8.4
Chemical New York	366	11.7	5.9	212	19.8	-5.1
Fleming Cos	367	11.7	24.7	465	13.6	38.3
Jack Eckerd	368	11.7	-5.1	245	18.9	29.6
Ashland Oil	369	11.6	-53.3	469	13.5	-9.9
Marsh Supermarkets	369	11.6	-31.3	620	11.0	12.6
Southwest Bancshares	371	11.6	-22.7	72	28.5	23.3
Texas American Bshs	372	11.5	-4.6	86	27.1	12.7
City Federal S & L	373	11.5	444.3	27	38.8	72.7
Minn Mining & Mfg	373	11.5	-1.3	600	11.6	6.9
Kellogg	375	11.5	18.3	677	10.1	3.4
Maryland National	376	11.4	1.0	288	18.0	7.5
Corestates Financial	377	11.3	45.3	424	14.4	11.3
Carnation	378	11.3	13.8	780	7.9	1.6

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
ENSERCH	378	11.3%	–43.1%	130	23.4%	9.5%	Bank of New York	442	9.8%	28.4%	83	27.4%	–0.2%
Avnet	380	11.3	–20.2	510	12.9	1.1	New England Electric	443	9.8	34.3	654	10.6	8.6
Phillips Petroleum	380	11.3	–27.6	231	19.1	1.8	Strawbridge & Clothier	443	9.8	43.4	675	10.1	17.9
CPC International	382	11.2	–3.6	803	7.5	–4.5	Clorox	445	9.7	75.2	990	–2.0	24.3
Federal-Mogul	382	11.2	5.2	652	10.6	–6.6	Varian Associates	446	9.7	143.2	471	13.5	16.9
Longs Drug Stores	384	11.2	19.6	384	15.3	17.9	Holly Corp	447	9.7	–20.5	110	24.8	–2.4
J P Morgan	385	11.2	18.7	139	22.9	–5.4	Bausch & Lomb	448	9.6	17.1	773	8.0	–4.3
Capital Holding	386	11.0	19.6	272	18.4	58.6	Chic & North Western	448	9.6	–62.6	689	9.9	–8.0
Eli Lilly	387	11.0	18.4	449	13.9	8.5	Consolidated Edison	450	9.6	30.7	678	10.1	17.3
McCormick	388	11.0	25.0	389	15.3	14.7	City Investing	451	9.5	–1.7	384	15.3	3.3
CBI Industries	389	10.9	–29.9	639	10.8	16.9	Eastman Kodak	452	9.4	–27.2	547	12.4	8.7
Wometco Enterprises	389	10.9	14.7	350	16.0	19.3	NL Industries	452	9.4	P-D	886	5.7	–35.3
R J Reynolds Inds	391	10.9	–3.3	353	16.0	27.0	Frederick & Herrud	454	9.4	139.5	556	12.3	32.3
Saga	391	10.9	79.8	427	14.4	23.4	Hercules	455	9.4	7.7	734	9.0	0.1
Tyson Foods	393	10.8	198.2	271	18.4	21.8	Warner Communications	455	9.4	P-D	103	25.3	12.9
Arkla	394	10.8	–8.2	141	22.8	13.6	Tidewater	457	9.4	–45.5	228	19.2	–12.2
PPG Industries	395	10.8	3.6	771	8.1	8.8	Torchmark	458	9.3	25.4	266	18.5	91.0
Dexter	396	10.8	7.8	312	17.2	2.7	North Amer Philips	459	9.3	1.2	536	12.5	19.5
Vulcan Materials	397	10.8	–34.5	698	9.7	0.7	Milton Bradley	460	9.3	–83.6	460	13.7	–9.1
Richardson-Vicks	398	10.7	–32.4	526	12.6	10.4	Dayton-Hudson	461	9.3	26.0	231	19.1	33.4
Consol Freightways	399	10.7	–17.9	779	8.0	–2.5	Santa Fe Industries	462	9.2	–19.9	504	13.0	–3.0
Halliburton	400	10.6	–40.8	584	11.8	–24.3	General Foods	463	9.1	14.8	681	10.0	9.5
National Can	401	10.6	–49.2	704	9.7	3.4	Aetna Life & Casualty	464	9.1	–24.8	490	13.2	6.8
Brooklyn Union Gas	402	10.5	10.6	281	18.3	26.7	Consol Natural Gas	464	9.1	25.3	290	17.9	17.3
St Paul Cos	403	10.5	1.3	632	10.8	14.2	Stanley Works	466	9.1	–10.1	667	10.3	–1.6
NCR	404	10.4	13.2	783	7.9	6.6	West Point-Pepperell	466	9.1	16.3	658	10.5	1.2
Cartice-Burns	405	10.4	43.2	279	18.3	23.5	Provident Life & Acc	468	9.1	10.8	922	4.6	6.1
Winn-Dixie Stores	405	10.4	19.0	568	12.1	15.8	Southern Union	469	9.1	–26.0	247	18.9	3.5
McDonnell Douglas	407	10.4	41.5	436	14.2	15.1	Research-Cottrell	470	8.9	–52.2	534	12.5	–4.0
Intl Flavors & Frag	408	10.4	3.0	702	9.7	2.1	United Technologies	471	8.9	5.0	175	21.1	8.6
Mercantile Bancorp	408	10.4	–3.9	237	19.0	–2.8	Commercial Metals	472	8.8	–36.6	420	14.6	–30.0
George A Hormel	410	10.4	–16.9	896	5.4	1.2	Gerber Products	473	8.8	18.5	646	10.6	8.1
Scovill	411	10.3	57.9	898	5.4	–12.8	Data General	474	8.8	–46.8	67	29.1	13.2
Ex-Cell-O	412	10.3	–1.2	346	16.2	–10.7	Palm Beach	475	8.7	0.7	169	21.5	1.3
Crown Central Petroleum	413	10.3	–95.4	155	22.2	10.3	Petrolane	475	8.7	P-D	329	16.5	–44.1
American Standard	414	10.2	–49.0	868	6.0	–11.5	DeSoto	477	8.7	60.5	952	3.2	–0.7
Pfizer	414	10.2	45.2	610	11.2	12.1	Witco Chemical	477	8.7	18.7	409	14.9	5.6
A H Robins	414	10.2	49.4	660	10.4	20.6	Idle Wild Foods	479	8.7	–43.9	683	10.0	7.5
North American Coal	417	10.2	154.6	559	12.2	–7.1	Univar	479	8.7	–44.3	760	8.4	–0.3
Am Natural Resources	418	10.2	20.6	200	20.1	14.9	PepsiCo	481	8.7	–8.0	309	17.3	11.6
Ametek	419	10.2	21.6	697	9.8	0.1	Walt Disney	482	8.6	–25.6	588	11.7	33.0
CSX	420	10.1	–59.1	710	9.6	–0.4	American District	483	8.6	15.8	484	13.4	13.8
Trane	420	10.1	–19.3	536	12.5	31.6	Lincoln National	483	8.6	9.7	550	12.4	24.2
U S Bancorp	420	10.1	–15.8	285	18.1	2.9	Northwest Energy	485	8.6	–40.9	198	20.1	44.4
Alco Standard	423	10.1	–4.3	336	16.4	9.9	Rainier Bancorp	486	8.6	5.6	192	20.3	1.7
Fremont General	424	10.1	P-D	59	29.6	42.2	Gillette	487	8.5	10.6	765	8.3	–4.5
United States Gypsum	425	10.1	–6.4	828	7.0	6.1	Alexander & Baldwin	488	8.5	6.6	938	3.8	7.9
First Security	426	10.0	14.4	294	17.8	10.5	Combined Internatl	488	8.5	1.6	397	15.1	33.2
Merck	427	10.0	9.4	582	11.8	9.4	Wisconsin Elec Power	490	8.5	28.4	442	14.1	18.6
Heck's	428	10.0	–46.6	319	16.8	–2.4	Manufacturers Hanover	491	8.4	12.4	115	24.4	–2.1
IBM	428	10.0	33.1	513	12.8	28.4	Carpenter Technology	492	8.4	–52.9	669	10.2	–23.4
Malone & Hyde	428	10.0	45.4	397	15.1	29.0	Borden	493	8.3	16.4	923	4.6	–4.4
USF&G	428	10.0	–5.8	667	10.3	1.6	Wisconsin Pwr & Lt	493	8.3	22.6	445	14.0	17.7
Wells Fargo	432	10.0	6.2	183	20.8	–1.8	E I du Pont	495	8.3	–14.1	151	22.5	48.9
Citicorp	433	9.9	40.7	140	22.9	0.2	Lucky Stores	496	8.3	21.5	409	14.9	14.7
Interpublic Group	434	9.9	14.1	324	16.7	25.4	Kerr-McGee	497	8.2	–14.4	522	12.7	–2.6
Denny's	435	9.9	42.8	280	18.3	31.6	InterNorth	498	8.1	8.0	197	20.2	26.9
Kaneb Services	436	9.9	–21.0	84	27.3	1.9	Square D	499	8.1	–34.2	508	12.9	1.4
Roper Corp	436	9.9	160.7	937	3.9	18.1	Centel	500	8.1	7.7	305	17.4	21.4
Coca-Cola	438	9.9	8.6	515	12.8	12.4	National Fuel Gas	500	8.1	–9.7	375	15.5	19.3
First Bank System	439	9.8	19.8	165	21.6	11.0	American Petrofina	502	8.1	–40.1	406	14.9	–7.9
Texas Eastern	439	9.8	–32.5	128	23.6	14.5	Federated Dept Stores	503	8.1	19.9	671	10.2	19.8
Greyhound	441	9.8	–14.7	963	2.5	–37.7	Diversified Energies	504	8.0	17.4	210	19.8	33.0

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Who's where in growth

Company	Earnings per share 5-year rank	5-year average*	83† vs 1980-82	Sales 5-year rank	5-year average*	83† vs 1980-82	Company	Earnings per share 5-year rank	5-year average*	83† vs 1980-82	Sales 5-year rank	5-year average*	83† vs 1980-82
Texas Utilities	505	8.0%	7.3%	261	18.5%	23.7%	Allied Stores	568	6.4%	33.7%	741	8.9%	28.4%
Duke Power	506	7.9	16.3	575	11.9	21.7	Natl Semiconductor	568	6.4	P-D	97	25.8	21.4
Jefferson-Pilot	507	7.8	–0.8	730	9.2	4.5	KN Energy	570	6.3	29.0	298	17.7	13.3
May Dept Stores	507	7.8	33.1	691	9.8	18.1	Super Food Services	571	6.3	114.0	370	15.6	17.1
Sterling Drug	507	7.8	2.8	698	9.7	6.0	NBD Bancorp	572	6.3	9.8	311	17.2	–7.6
Dart & Kraft	510	7.8	19.8	783	7.9	–1.7	Insilco	573	6.3	15.8	625	10.9	–0.9
Loclede Gas	511	7.8	5.4	350	16.0	34.6	Potomac Elec Power	573	6.3	21.0	612	11.2	17.8
Intl Multifoods	512	7.7	2.5	904	5.2	–2.5	Central Steel & Wire	575	6.2	0.9	924	4.5	–16.6
Campbell Soup	513	7.7	23.6	648	10.6	21.8	Crown Cork & Seal	575	6.2	–24.2	803	7.5	–5.5
Gulf Oil	514	7.7	–13.9	717	9.4	–2.1	Xerox	577	6.2	–31.8	563	12.1	–0.4
TRW	514	7.7	–19.7	624	10.9	3.6	Emhart	578	6.2	6.3	430	14.3	–6.4
Wisconsin Public Svc	516	7.6	31.4	434	14.2	21.8	Leaseway Transportation	578	6.2	–13.0	629	10.9	20.6
USLIFE	517	7.6	–0.6	637	10.8	8.5	Maytag	580	6.2	47.4	717	9.4	44.1
MCA	518	7.6	22.3	635	10.8	15.9	Signal Cos	580	6.2	–68.0	442	14.1	18.8
Lubrizol	519	7.6	–30.6	578	11.9	–10.1	Joy Manufacturing	582	6.2	–96.2	743	8.7	–39.4
So New England Tel	519	7.6	20.6	555	12.3	20.4	Washington Gas Light	583	6.1	22.6	359	15.9	33.5
No States Power	521	7.5	37.8	588	11.7	23.8	Montana Power	584	6.1	6.7	323	16.7	3.3
Iowa-Illinois G & E	522	7.5	30.8	422	14.5	17.3	McKesson	585	6.1	–8.2	774	8.0	–0.1
A E Staley Mfg	522	7.5	–91.6	504	13.0	–4.0	Fleetwood Enterprises	586	6.1	3,912.9	768	8.1	107.9
Boston Edison	524	7.5	3.4	590	11.7	4.0	National Gypsum	586	6.1	–0.4	781	7.9	10.7
Rollins	524	7.5	–89.6	515	12.8	–6.0	Dorsey	588	6.0	92.9	378	15.5	–8.1
Associated Dry Goods	526	7.5	30.6	527	12.6	34.0	United Telecom	588	6.0	–6.4	437	14.2	16.9
Dennison Mfg	527	7.4	3.4	597	11.6	9.4	Washington National	590	6.0	–23.7	816	7.4	–3.0
Circle K	528	7.4	186.0	274	18.3	23.5	Crocker National	591	6.0	–35.2	172	21.3	3.4
Tecumseh Products	529	7.3	5.6	887	5.7	2.2	Stanadyne	591	6.0	–3.7	760	8.4	–12.5
Mountain Fuel Supply	530	7.3	54.7	253	18.7	37.3	Edison Bros Stores	593	6.0	12.1	686	9.9	8.4
Continental Group	531	7.2	–16.1	811	7.4	–1.7	Westvaco	594	5.9	–29.7	751	8.6	1.6
Central Illinois Lt	532	7.1	23.3	451	13.8	20.3	J C Penney	595	5.9	17.2	871	5.9	1.2
FMC	533	7.1	9.4	783	7.9	0.3	MGM Grand Hotels	596	5.9	–36.0	609	11.2	19.5
LTV	533	7.1	P-D	574	11.9	–33.9	Southern Calif Edison	597	5.8	34.7	392	15.1	8.6
TECO Energy	535	7.0	10.5	442	14.1	12.1	Florida Power & Lt	598	5.8	22.9	349	16.0	15.1
Norton	536	7.0	–61.9	593	11.7	–11.7	Louisiana Land	599	5.8	–25.1	124	23.8	2.5
Moore Corp	537	7.0	–8.1	705	9.6	–2.7	Best Products	600	5.7	10.8	111	24.7	53.5
Indianapolis Pwr & Lt	538	6.9	26.1	603	11.3	18.1	Union Camp	600	5.7	–20.3	713	9.5	9.5
InterFirst	538	6.9	P-D	74	28.1	9.2	Allegheny Power	602	5.7	15.9	381	15.5	16.4
Anderson, Clayton	540	6.9	–48.7	915	4.9	–21.6	N Y State Elec & Gas	602	5.7	3.6	486	13.3	19.3
Kay	541	6.8	–54.9	495	13.2	–15.5	Collins & Aikman	604	5.7	85.2	794	7.6	20.0
Parker-Hannifin	542	6.8	–44.3	331	16.5	–3.0	Ralston Purina	604	5.7	104.2	832	7.0	–2.0
Handy & Harman	543	6.8	–57.3	705	9.6	–11.9	Corning Glass Works	606	5.7	–7.8	813	7.4	–0.1
Scott Paper	543	6.8	–29.9	709	9.6	5.1	Kansas Power & Light	607	5.7	22.4	447	13.9	28.6
GATX	545	6.7	–59.6	834	6.9	–20.0	Tenneco	608	5.6	–12.6	345	16.2	6.5
Time Inc	545	6.7	1.9	137	23.0	19.7	Pacific Gas & Elec	609	5.6	11.6	322	16.8	11.7
Norwest	547	6.7	–6.7	154	22.4	24.7	Oneok	610	5.5	–42.6	240	19.0	3.6
PACCAR	548	6.7	–54.6	834	6.9	–20.0	Revlon	611	5.4	–42.2	300	17.5	3.5
Stone Container	549	6.7	–88.3	637	10.8	23.1	Schering-Plough	612	5.4	–3.4	428	14.4	0.1
Central & South West	550	6.6	14.5	338	16.4	25.3	King Kullen Grocery	613	5.4	59.5	567	12.1	8.8
Scott & Fetzer	550	6.6	21.7	511	12.8	–3.3	Baltimore Gas & Elec	614	5.4	21.7	515	12.8	16.1
Gt Northern Nekoosa	552	6.6	–23.2	601	11.4	4.3	Kansas City Pwr & Lt	615	5.3	29.7	449	13.9	16.2
Orange & Rockland	552	6.6	10.8	535	12.5	20.7	BankAmerica	616	5.3	–33.5	220	19.5	–4.4
Continental Telecom	554	6.6	5.2	304	17.5	30.9	Briggs & Stratton	617	5.3	–40.0	615	11.1	–13.1
Equifax	555	6.6	21.7	714	9.5	16.3	Niagara Mohawk Power	617	5.3	20.3	438	14.1	22.6
Gates Learjet	556	6.5	–98.7	306	17.4	–30.6	Robertshaw Controls	617	5.3	67.6	818	7.3	3.3
Universal Foods	556	6.5	43.3	269	18.4	20.2	Equitable of Iowa	620	5.3	29.3	255	18.6	–0.2
Commonwealth Energy	558	6.5	57.4	607	11.3	11.5	AmeriTrust	621	5.2	0.3	493	13.2	–6.6
Harcourt Brace Jovan	559	6.4	42.8	532	12.5	16.4	Society	622	5.1	23.1	167	21.6	2.0
Becton, Dickinson	560	6.4	–50.6	455	13.8	7.6	American Tel & Tel	623	5.1	–14.7	586	11.7	18.0
Columbia Gas System	560	6.4	–15.3	277	18.3	11.8	GTE	623	5.1	23.4	691	9.8	13.8
Rochester Gas & Elec	560	6.4	21.5	429	14.3	23.4	Nash Finch	625	5.0	7.7	641	10.7	7.3
Alcoa	563	6.4	P-D	708	9.6	–1.5	Earle M Jorgensen	626	5.0	–72.0	879	5.8	–36.2
W R Grace	564	6.4	–52.5	698	9.7	–3.1	MidCon	626	5.0	2.6	119	24.2	15.4
Public Service Indiana	564	6.4	13.0	496	13.1	17.5	Bemis	628	5.0	–24.5	969	2.0	–0.2
BanCal Tri-State	566	6.4	116.2	508	12.9	–5.6	Tyler	628	5.0	–23.7	321	16.8	23.2
Petrie Stores	566	6.4	–7.9	721	9.4	8.6	Centerre Bancorp	630	4.9	–31.4	173	21.2	–8.3

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Lowe's Companies	631	4.9%	85.1%	595	11.7%	33.2%	Blue Bell	694	3.0%	-6.9%	547	12.4%	-10.5%
International Paper	632	4.9	-39.6	893	5.5	-9.4	Carolina Pwr & Lt	694	3.0	7.1	487	13.3	21.1
G C Murphy	633	4.9	69.3	883	5.7	1.3	Central Ill Pub Svc	696	3.0	30.5	489	13.3	33.9
McGraw-Edison	634	4.8	-36.5	365	15.8	-9.3	Pub Svc Elec & Gas	696	3.0	14.7	525	12.6	14.0
Pay'n Save	634	4.8	29.0	341	16.2	16.3	Amsted Industries	698	3.0	P-D	840	6.5	-38.0
United Illuminating	636	4.7	26.9	417	14.7	4.3	Morse Shoe	698	3.0	102.0	541	12.4	13.4
Gulf States Utils	637	4.7	15.4	261	18.5	21.0	Arizona Public Service	700	2.9	10.2	337	16.4	18.7
Zale	638	4.6	-40.5	890	5.6	5.2	Goodyear	700	2.9	-27.2	109	7.4	6.0
Southwestern Pub Svc	639	4.6	29.9	299	17.6	37.5	MAPCO	702	2.8	-46.5	40	33.2	4.0
Federal Paper Board	640	4.6	-70.8	862	6.1	8.4	Florida Progress	703	2.8	24.8	425	14.4	14.4
Royal Crown Cos	640	4.6	18.3	754	8.6	8.0	Northeast Utilities	704	2.8	53.4	411	14.9	16.0
Foxboro	642	4.5	-72.6	646	10.6	-9.4	Coastal Corp	705	2.7	97.6	100	25.4	4.7
Wm Wrigley Jr	642	4.5	25.7	730	9.2	-0.5	UGI	705	2.7	-90.7	132	23.4	13.5
Geo International	644	4.5	P-D	153	22.4	-25.7	Detroit Edison	707	2.7	16.3	707	9.6	12.4
Allied Corp	645	4.4	-33.6	249	18.8	53.3	San Diego Gas & Elec	708	2.6	35.4	177	21.0	27.3
Ethyl	645	4.4	6.4	807	7.5	-1.6	Colgate-Palmolive	709	2.5	2.5	800	7.5	-4.8
Pacific Pwr & Lt	647	4.3	21.9	127	23.8	26.3	Emery Air Freight	710	2.4	6.5	455	13.8	8.8
Hammermill Paper	648	4.3	-57.9	494	13.2	13.8	Federal Co	711	2.3	53.6	473	13.5	5.1
Carson Pirie Scott	649	4.2	28.2	480	13.4	19.2	Hawaiian Electric	712	2.3	-9.0	218	19.5	4.9
Frontier Holdings	649	4.2	P-D	229	19.2	3.3	Consumers Power	713	2.2	-3.2	643	10.7	5.8
Interco	651	4.1	-14.3	694	9.8	2.7	Atlantic City Elec	714	2.2	32.6	458	13.7	17.0
MGM/UA Entertainment	652	4.0	35.3	68	28.9	68.7	Hyster	715	2.2	-99.4	912	5.0	-29.6
Union Electric	653	4.0	30.3	628	10.9	19.9	Cone Mills	716	2.1	-48.5	933	4.0	0.2
Dresser Industries	654	4.0	-99.1	572	12.0	-17.7	Wetterau	717	2.0	38.5	347	16.1	31.4
Alexander & Alexander	655	4.0	P-D	168	21.5	15.1	Sperry	718	2.0	-38.4	757	8.4	-4.2
Continental Illinois	655	4.0	-38.3	120	24.2	-19.5	Cleveland Elec Illum	719	1.9	21.3	593	11.7	20.2
Dayton Power & Light	657	3.9	12.1	481	13.4	19.6	Commonwealth Edison	720	1.9	35.0	452	13.8	20.0
K mart	657	3.9	61.7	504	13.0	13.3	Allegheny Intl	721	1.8	P-D	440	14.1	25.9
Eastern Gas & Fuel	659	3.9	-33.7	598	11.6	4.8	American Cyanamid	722	1.8	-8.9	717	9.4	-1.7
CIGNA	660	3.9	-22.3	736	8.9	14.5	Sears, Roebuck	722	1.8	66.5	833	6.9	23.6
Delmarva Power & Lt	661	3.8	31.8	507	12.9	9.5	So Carolina E & G	722	1.8	5.3	394	15.1	27.2
Smith International	661	3.8	P-D	162	22.0	-26.9	Long Island Lighting	725	1.8	8.0	419	14.7	13.4
SCM	663	3.8	-66.8	845	6.3	-11.0	Economics Laboratory	726	1.7	P-D	502	13.0	9.0
Comerica	664	3.8	12.7	212	19.8	13.8	Middle South Utils	727	1.7	4.0	335	16.4	8.7
California First Bnk	665	3.7	-15.9	131	23.4	2.1	Owens-Illinois	728	1.6	-66.4	803	7.5	-7.9
Safeway Stores	666	3.7	25.6	726	9.3	11.4	Riegel Textile	728	1.6	-44.1	816	7.4	-2.4
Western Union	667	3.7	15.4	777	8.0	12.8	NICOR	730	1.6	-78.1	315	17.0	8.2
National City	668	3.7	10.5	160	22.1	9.2	Hoover	731	1.4	324.9	926	4.4	-10.9
Houston Industries	669	3.6	36.3	75	28.0	26.0	Armstrong World Inds	732	1.4	39.9	877	5.8	5.0
Quaker State Oil	670	3.6	12.3	317	16.9	0.2	Godfrey	733	1.4	-34.9	618	11.1	8.1
H J Wilson	670	3.6	-42.0	149	22.6	23.5	Oklahoma Gas & Elec	733	1.4	24.3	334	16.5	16.8
Northern Trust	672	3.6	-35.1	249	18.8	-9.5	Ferro	735	1.3	-17.5	661	10.4	-10.9
Fieldcrest Mills	673	3.5	23.3	820	7.3	3.6	Penn Power & Light	736	1.2	1.9	663	10.4	6.8
Dr Pepper	674	3.5	-65.0	302	17.5	35.3	American Family	737	1.2	40.1	105	25.3	30.7
Squibb	675	3.4	21.7	894	5.4	7.9	Bell & Howell	738	1.2	208.4	864	6.0	1.0
Utah Power & Light	675	3.4	8.1	196	20.2	21.0	CBS	739	1.0	-11.2	630	10.9	6.4
Northrop	677	3.4	49.2	657	10.5	50.2	Central Soya	739	1.0	1.4	916	4.9	-17.1
Ogden	677	3.4	-32.6	907	5.2	-20.9	Intl Minerals & Chem	741	1.0	-41.1	843	6.4	-17.8
Avon Products	679	3.4	-29.5	564	12.1	9.6	Atlanta Gas Light	742	0.9	24.7	158	22.1	33.9
Beatrice Foods	680	3.3	39.9	694	9.8	3.1	Moore McCormack Res	742	0.9	-83.2	547	12.4	-34.3
Echlin	680	3.3	76.5	407	14.9	40.2	Manufacturers National	744	0.9	76.9	283	18.2	-4.6
Phila Electric	682	3.3	11.6	511	12.8	8.2	Ohio Edison	744	0.9	12.7	499	13.1	18.3
Harsco	683	3.3	-42.2	686	9.9	-21.1	Household Intl	746	0.9	38.2	440	14.1	11.1
Penn Traffic	683	3.3	32.9	459	13.7	11.6	Adolph Coors	747	0.9	61.7	673	10.2	16.7
Intl Tel & Tel	685	3.3	-17.5	870	5.9	-15.0	Union Carbide	748	0.9	-61.1	775	8.0	-8.3
Cincinnati G & E	686	3.3	22.9	476	13.5	21.9	Kentucky Utilities	749	0.8	31.4	553	12.3	15.3
Illinois Power	687	3.2	21.7	388	15.3	28.1	Harris Bankcorp	750	0.7	4.8	251	18.7	-9.2
IC Industries	688	3.1	-41.0	328	16.5	-8.5	Public Service Colo	751	0.7	-4.5	205	19.9	22.5
Portland Genl Elec	689	3.1	-6.3	265	18.5	2.1	Louisville Gas & Elec	752	0.6	6.1	354	16.0	24.5
Amstar	690	3.1	-39.5	936	3.9	-21.4	Golden West Finl	753	0.6	D-P	48	31.7	45.2
ARA Services	691	3.1	6.0	488	13.3	7.5	Hoover Universal	753	0.6	52.1	796	7.6	30.0
Peoples Energy	691	3.1	-15.4	369	15.6	8.8	First Chicago	755	0.5	47.3	259	18.6	-7.6
Southern Company	693	3.1	12.4	462	13.6	22.0	Continental Corp	756	0.4	-77.3	809	7.4	8.8

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Who's where in growth

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Dominion Resources	757	0.3%	7.2%	455	13.8%	15.5%	Interlake	820	-4.8%	-43.6%	901	5.3%	-17.0%
Lone Star Industries	758	0.3	P-D	967	2.2	1.4	Acme-Cleveland	821	-4.9	P-D	759	8.4	-54.3
Burlington Inds	759	0.2	5.1	901	5.3	-0.8	Butler Manufacturing	822	-4.9	P-D	914	5.0	-13.7
Outboard Marine	759	0.2	79.7	892	5.6	4.6	Delta Air Lines	823	-4.9	P-D	376	15.5	10.2
Boise Cascade	761	0.2	-46.8	724	9.4	8.6	Stewart-Warner	824	-5.0	-72.0	966	2.3	-18.6
Michigan National	761	0.2	4.0	309	17.3	5.7	Timken	825	-5.1	P-D	868	6.0	-30.7
WICOR	763	0.0	-8.7	267	18.5	39.6	Louisiana-Pacific	826	-5.2	-16.3	635	10.8	0.0
Liquid Air	764	-0.1	-30.3	642	10.7	6.3	Raymond Intl	827	-5.4	24.0	89	26.3	36.2
DEKALB AgResearch	765	-0.1	-58.6	621	11.0	-4.0	Grumman	828	-5.7	164.8	873	5.9	12.7
ACF Industries	766	-0.2	-97.7	879	5.8	-37.4	Anchor Hocking	829	-5.8	P-D	777	8.0	-18.1
Toledo Edison	767	-0.2	19.5	490	13.2	14.4	Diamond Shamrock	830	-6.1	-38.3	254	18.7	11.5
Puget Sound Pwr & Lt	768	-0.2	-21.8	357	15.9	20.4	Georgia-Pacific	831	-6.3	-72.3	602	11.4	17.4
Gifford-Hill	769	-0.3	-84.3	580	11.9	-24.4	Jim Walter	832	-6.4	113.9	787	7.9	2.8
Celanese	770	-0.6	-58.5	753	8.6	-7.9	Barnes Group	833	-6.4	P-D	632	10.8	-4.3
Avco	771	-0.6	-26.7	679	10.1	17.1	Champion Intl	834	-6.5	-40.9	866	6.0	7.4
Stauffer Chemical	772	-0.6	P-D	794	7.6	-20.2	Deere	835	-6.7	P-D	758	8.4	-22.5
Ampco-Pittsburgh	773	-0.6	P-D	142	22.8	-40.9	AMF	836	-6.8	P-D	973	1.9	-27.3
Ryan Homes	774	-0.8	105.8	605	11.3	42.8	UMC Industries	837	-6.8	-72.9	782	7.9	-6.6
Olin	775	-0.9	-6.2	859	6.1	-1.5	Kaufman & Broad	838	-6.8	D-P	849	6.3	7.3
Dana	776	-1.0	-25.2	615	11.1	2.8	No Indiana Pub Svc	838	-6.8	28.3	291	17.9	20.2
Duquesne Light	777	-1.1	7.6	665	10.3	3.5	Champion Spark Plug	840	-7.0	-32.7	767	8.2	-6.2
American Elec Power	778	-1.2	-6.2	372	15.6	2.9	Kellwood	841	-7.4	317.7	889	5.6	-3.4
Avondale Mills	779	-1.2	190.2	911	5.1	5.7	Colonial Penn Group	842	-7.6	119.1	296	17.7	11.6
White Consolidated	780	-1.3	-11.6	715	9.4	-0.8	Rexnord	843	-7.6	-70.4	749	8.6	-23.2
Monsanto	781	-1.3	-0.2	738	8.9	-7.6	Reichhold Chemicals	844	-7.7	45.4	772	8.0	-14.8
Stewart & Stevenson	782	-1.4	-19.4	477	13.4	-29.8	Yellow Freight System	845	-7.7	131.0	655	10.6	16.9
Transway Intl	783	-1.4	-30.1	948	3.5	1.2	B F Goodrich	846	-7.8	P-D	803	7.5	-0.6
Parker Pen	784	-1.5	P-D	333	16.5	-3.3	Genl Tire & Rubber	847	-7.8	10.5	971	2.0	-3.7
Dow Chemical	785	-1.6	-58.9	496	13.1	-4.1	Arvin Industries	848	-7.8	34.1	919	4.8	15.9
Manhattan Industries	786	-1.6	-1.2	871	5.9	10.4	McDermott Intl	849	-9.2	-13.2	203	20.0	-20.7
Textron	787	-1.7	-22.8	939	3.8	-10.5	Mead	850	-9.2	P-D	729	9.2	-13.0
Armstrong Rubber	788	-2.0	356.4	726	9.3	16.0	Walter E Heller Intl	851	-9.3	P-D		**	**
Williams Cos	789	-2.0	-74.8	674	10.1	-21.5	Fisher Foods	852	-9.6	-74.1	999	-5.3	-55.8
Texas Instruments	790	-2.1	P-D	313	17.1	4.4	Reynolds Metals	853	-9.6	P-D	745	8.7	-6.2
Amfac	791	-2.1	P-D	671	10.2	11.5	Colt Industries	854	-9.9	635.4	825	7.1	-24.6
Carter Hawley Hale	792	-2.2	-4.4	431	14.3	19.3	Dayco	855	-10.3	-64.4	820	7.3	-7.3
RCA	793	-2.2	5.8	766	8.2	7.3	Zenith Radio	856	-10.3	138.4	909	5.1	6.1
Black & Decker	794	-2.3	62.8	626	10.9	-13.1	Longview Fibre	857	-10.6	72.3	798	7.6	-5.8
Easco	795	-2.3	-12.7	645	10.7	17.9	Kaiser Alum & Chem	858	-10.8	P-D	740	8.9	-12.9
Cessna Aircraft	796	-2.4	P-D	721	9.4	-45.6	Polaroid	859	-11.0	-23.4	841	6.5	-9.6
National Distillers	797	-2.4	-54.7	850	6.3	18.4	U S Industries	859	-11.0	D-P	997	-4.7	-2.5
Amer Maize-Products	798	-2.6	-63.6	793	7.7	-12.5	Cummins Engine	861	-11.3	P-D	721	9.4	-14.8
Skyline	799	-2.6	33.1	964	2.4	8.9	Phelps Dodge	862	-11.3	P-D	903	5.2	-24.2
Ingersoll-Rand	800	-2.7	P-D	770	8.1	-22.8	Athlone Industries	863	-11.4	P-D	968	2.1	-22.2
Pennwalt	801	-2.8	-24.6	860	6.1	-10.7	Firestone	863	-11.4	3,540.0	979	1.4	-14.3
Gulf & Western Inds	802	-2.8	P-D	710	9.6	-26.9	Copperweld	865	-11.9	P-D	866	6.0	-39.1
Pac Gamble Robinson	803	-3.0	-21.9	800	7.5	3.5	Libbey-Owens-Ford	866	-12.3	44.1	853	6.2	-4.1
Weyerhaeuser	804	-3.1	-54.8	760	8.4	5.2	Castle & Cooke	867	-12.8	-52.3	538	12.4	-9.9
BancOhio	805	-3.4	-18.3	327	16.6	1.0	Crane	868	-13.1	P-D	944	3.7	-30.0
Gas Service	806	-3.4	-48.0	242	19.0	31.6	Amerace	869	-13.3	P-D	948	3.5	-16.5
Eagle-Picher Inds	807	-3.4	-28.3	887	5.7	-12.7	Del E Webb	870	-13.5	-73.7	970	2.0	-21.9
Burroughs	808	-4.0	68.6	544	12.4	19.9	Allen Group	871	-13.6	P-D	883	5.7	-3.1
Brockway Inc (NY)	809	-4.1	-39.5	570	12.0	8.0	Bucyrus-Erie	872	-13.6	P-D	890	5.6	5.7
Potlatch	810	-4.2	-27.6	845	6.3	4.0	Primark	873	-13.8	5.6	415	14.7	14.1
Willamette Inds	811	-4.2	-28.6	619	11.1	7.1	General Motors	874	-13.8	1,525.3	853	6.2	12.5
St Regis	812	-4.3	P-D	756	8.5	-1.4	J P Stevens	875	-14.1	110.9	855	6.2	-3.5
Tribune	813	-4.5	-2.1	690	9.9	13.4	Northwestern Steel	876	-14.1	P-D	935	4.0	-67.2
Owens-Corning Fbrgls	814	-4.6	57.9	434	14.2	13.7	Amdahl	877	-14.1	62.5	162	22.0	61.2
Ideal Basic Inds	815	-4.6	-48.3	845	6.3	-16.0	Caterpillar Tractor	878	-14.3	P-D	862	6.1	-42.8
Midland-Ross	815	-4.6	P-D	524	12.7	-13.5	AMAX	879	-14.4	P-D	362	15.8	-16.6
Warner-Lambert	817	-4.6	54.1	838	6.7	-8.8	Cyclops	880	-15.0	P-D	745	8.7	-1.5
Gould	818	-4.6	-27.7	775	8.0	-26.3	Lockheed	881	-16.1	D-P	703	9.7	16.4
Farm House Foods	819	-4.7	-87.0	28	38.7	3.2	Koppers	882	-16.2	-82.9	800	7.5	-22.7

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Northwest Airlines	883	-16.3%	358.7%	397	15.1%	17.8%	Imperial Corp of Am	925	P-D	D-D	479	13.4%	13.9%
F W Woolworth	884	-16.4	D-P	928	4.3	-18.2	Inco	925	P-D	D-D	982	0.6	-47.4
Eaton	885	-16.5	171.1	783	7.9	-14.7	Inland Steel	925	P-D	D-D	918	4.9	-12.0
H F Ahmanson	886	-16.7	D-P	289	17.9	29.8	Intl Harvester	925	P-D	D-D	981	0.9	-39.1
Stauffer-Globe	887	-17.1	500.1	956	2.9	17.0	Interstate Bakeries	925	P-D	D-D	860	6.1	3.1
Fruehauf	888	-17.3	P-D	878	5.8	-4.7	Jonathan Logan	925	P-D	500.0%	965	2.3	-9.2
American Can	889	-17.7	1,108.3	864	6.0	-26.5	Kaiser Steel	925	P-D	D-D	932	4.1	-34.4
A O Smith	890	-17.7	D-P	940	3.7	10.7	Keystone Consolidated	925	P-D	D-D	962	2.6	-12.2
Macmillan	891	-18.0	112.4	987	-1.5	-9.9	Mack Trucks	925	P-D	D-D	1003	-7.4	-20.0
Crown Zellerbach	892	-18.8	174.8	827	7.1	-11.8	Marion	925	P-D	D-D	95	25.9	-52.4
Sybron	893	-19.0	P-D	943	3.7	-15.8	Massey-Ferguson	925	P-D	D-D	985	-0.6	-38.0
Beneficial Corp	894	-19.2	D-P	876	5.8	-14.3	Mattel	925	P-D	P-D	164	21.9	1.4
Manville	895	-19.8	D-P	734	9.0	-16.7	National Intergroup	925	P-D	D-D	933	4.0	-20.9
Mohasco	896	-19.8	355.3	980	1.3	-4.9	NVF	925	P-D	D-D	562	12.2	-3.7
Savin	897	-20.0	D-D	55	30.1	-4.9	Oak Industries	925	P-D	P-D	116	24.4	-5.9
General Public Utils	898	-20.7	86.9	473	13.5	17.7	Pan Am World Airways	925	P-D	D-D	414	14.7	-3.7
Kane-Miller	899	-21.9	P-D	993	-3.5	8.3	Pettibone	925	P-D	D-D	929	4.3	-35.2
El Paso	900	-22.5	D-P	191	20.3	14.8	Ramada Inns	925	P-D	D-D	553	12.3	29.7
Masonite	901	-22.7	205.0	978	1.6	12.3	Republic Airlines	925	P-D	D-D	19	42.1	14.0
Gt Western Financial	902	-23.0	D-P	234	19.1	45.1	Republic Steel	925	P-D	D-D	929	4.3	-32.8
Pittston	903	-23.4	P-D	789	7.8	-33.6	Revere Copper	925	P-D	D-D	916	4.9	-32.3
RLC	904	-24.3	-55.8	955	3.0	-3.1	Talley Industries	925	P-D	D-P	992	-3.0	-16.1
Calif Federal S&L	905	-24.9	D-P	93	26.0	75.9	Tiger International	925	P-D	D-D	126	23.8	-8.6
Dravo	906	-25.1	P-D	751	8.6	-32.1	Toro	925	P-D	D-P	500	13.0	-9.5
Borman's	907	-25.3	-36.5	732	9.1	0.4	Tosco	925	P-D	P-D	60	29.5	-5.4
Foodarama Supermkts	908	-26.1	264.7	921	4.6	3.9	Trans World	925	P-D	P-D	664	10.4	0.5
Southwest Forest Inds	909	-26.4	P-D	882	5.7	-8.2	UAL	925	P-D	D-P	623	11.0	9.3
Peabody Intl	910	-26.5	D-P	742	8.8	5.0	Uniroyal	925	P-D	26.0	988	-1.8	-9.1
Chromalloy American	911	-27.2	P-D	950	3.4	-26.4	United Brands	925	P-D	D-D	818	7.3	-13.0
Alexander's	912	-28.3	D-P	881	5.7	-0.1	Western Air Lines	925	P-D	D-D	656	10.5	7.7
Lukens	913	-29.0	P-D	856	6.2	-12.7	Wheeling-Pitts Steel	925	P-D	D-D	983	0.1	-29.0
Glendale Federal S&L	914	-29.1	592.1	87	26.8	58.8	Wickes Cos	925	P-D	D-D	366	15.8	-11.9
Clark Equipment	915	-31.1	D-P	986	-1.2	-35.8	Wilson Foods	925	P-D	D-D	976	1.8	-4.1
Hanna Mining	915	-31.1	P-D	995	-4.2	-47.0	Allied Supermarkets	979	D-D	-53.9	1004	-8.7	-1.2
United States Steel	917	-33.6	P-D	676	10.1	13.1	American Motors	979	D-D	D-D	926	4.4	13.4
National-Standard	918	-34.0	D-D	953	3.2	-20.7	Chrysler	979	D-D	D-P	996	-4.7	16.3
Nashua	919	-35.0	D-D	666	10.3	-11.7	Cook United	979	D-D	D-D	844	6.4	7.2
Amer Hoist & Derrick	920	-36.0	P-D	906	5.2	-33.6	Great Atl & Pac Tea	979	D-D	D-P	994	-3.7	-17.8
Kerr Glass Mfg	921	-36.9	P-D	577	11.9	-3.6	HRT Industries	979	D-D	D-D	583	11.8	9.5
L B Foster	922	-40.1	P-D	958	2.8	-33.9	Pantry Pride	979	D-D	-12.3	1005	-14.6	-14.3
CertainTeed	923	-45.9	D-P	907	5.2	14.9	Rath Packing	979	D-D	D-D	974	1.8	-7.1
Westmoreland Coal	924	-55.5	D-P	909	5.1	11.2	Singer	979	D-D	-98.7	960	2.7	-10.1
Allis-Chalmers	925	P-D	D-D	944	3.7	-31.3	Texas Air	979	D-D	D-D	15	46.6	66.5
AM International	925	P-D	D-P	951	3.3	-23.1	United Merch & Mfrs	979	D-D	D-D	1001	-7.1	-22.3
American Bakeries	925	P-D	D-D	954	3.1	-3.3	Arden Group		D-P	-28.7	984	0.0	-6.7
AMR	925	P-D	D-P	447	13.9	12.3	Coleco Industries		D-P	85.7	102	25.3	120.0
Armco	925	P-D	P-D	712	9.5	-29.9	Donaldson, Lufkin		D-P	27.8	32	36.3	18.0
Baldwin-United	925	P-D	P-D	8	58.8	51.8	GEICO		D-P	15.0	912	5.0	13.0
Bethlehem Steel	925	P-D	D-D	961	2.7	-28.4	General Host		D-P	113.9	991	-2.8	29.4
Bird	925	P-D	D-D	941	3.7	-6.5	Genesco		D-P	P-D	1002	-7.2	-13.3
Chic Pneumatic Tool	925	P-D	P-D	815	7.4	-20.9	Litton Industries		D-P	-24.7	850	6.3	0.2
Eastern Air Lines	925	P-D	D-D	469	13.5	6.8	MCI Communications		D-P	105.2	6	65.2	129.3
Evans Products	925	P-D	D-D	792	7.8	-6.5	PSA		D-P	P-D	239	19.0	21.1
Fedl Natl Mortgage	925	P-D	D-P	268	18.4	35.8	Pueblo International		D-P	13.2	989	-2.0	7.2
First Pennsylvania	925	P-D	D-D	946	3.5	-22.3	Rohr Industries		D-P	162.9	839	6.6	4.9
Ford Motor	925	P-D	D-P	920	4.7	10.0	Sanders Associates		D-P	47.3	308	17.4	67.2
GAF	925	P-D	D-D	998	-5.0	2.0	Scot Lad Foods		D-P	P-D	972	1.9	-0.2
General Refractories	925	P-D	D-D	957	2.8	-27.0	Todd Shipyards		D-P	-12.2	195	20.2	-1.7
Gibraltar Financial	925	P-D	D-P	171	21.4	24.3	Warnaco		D-P	14.9	904	5.2	1.1
Graniteville	925	P-D	D-D	959	2.8	-18.1	American President		**	**	681	10.0	12.2
Gulf Resources & Chem	925	P-D	D-P	811	7.4	-18.1	Gulfstream Aerospace		**	**		**	**
Harnischfeger	925	P-D	D-D	900	5.3	-41.1	Pabst Brewing		**	**		**	**
Home Federal S&L-Cal	925	P-D	D-P	186	20.7	29.4	Swift Independent		**	2.0	826	7.1	11.2

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit; not ranked. D-D: deficit to deficit. **Not available; not ranked.

Wall Street was generous when earnings met optimistic expectations, ruthless when earnings disappointed.

Who's where in the stock market

AFTER BEING IN THE doghouse for many years, the stocks of the big companies, the kind covered in the Forbes Annual Reports, had a better time of it in 1983. Of the 1,008 companies in this year's survey, 472 outperformed the 5,000-stock Wilshire index over the five-year period. In the last survey, only 458 firms were able to make the same boast.

As 1983 drew to a close, the Wilshire index and the Dow industrials were up by the same amount: 19%. Thus the big stocks and the little stocks were more in gear this past year than they have been for a long time—meaning that last year's bull market was a broad one. But as the year progressed, much of the euphoria that began in August of 1982 was replaced by hard-nosed analysis of present and near-term corporate prospects. A number of lofty multiples were unable to stand up under such scrutiny. Investors couldn't bail out fast enough from the likes of Digital Equipment, Texas Instruments and Warner Communications. Other computer and technology firms also suffered sharp pullbacks as investors, realizing the increased competition in those fields, grew wary at even a slight downturn in quarterly earnings growth.

The action then moved to less exciting but seemingly undervalued groups of stocks: truckers, housewares and furnishings, railroads and chemicals.

In the last two years the Forbes list has had 14 superstars with five-year gains of 1,000% or more. The champion of them all? A $10,000 investment in Pulte Home at the end of 1978 is worth almost $300,000 today. This Michigan-based builder of inexpensive single-family homes, the best performer in this year's stock market survey, advanced 2,885% in price over five years. It outperformed last year's top stock, First Executive, by some 14%.

In spite of the air pockets that were encountered by so many former high-flyers, there were plenty of chances to make good money in stocks in 1983. A year ago, the 100th-ranked stock was ahead 244%, but this time the 100th-ranked issue shows a 314% price gain. Lowe's Cos., now ranked 154, did as well as last year's 100th-ranked stock.

In all, 115 companies increased by 300% or more over five years. Over the same period, the Consumer Price Index rose 54.9%, and 632 of the companies covered here more than kept up with this inflation. Factor in an average dividend yield of a little over 4%, and you can see that, on the whole, shareholders of major corporations fared well on Wall Street over the last five years.

It seems so very long ago when everybody wanted such things as commodity options and Mickey Mouse ashtrays and nobody wanted common stocks. It looks as if the 1980s are going to be the decade of the stock market, just as the 1970s were the decade of the inflation hedge.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
1	*	Pulte Home	2,885.3%	37½– ⅞	27⅜	$ 3.71	7.4	$1.82	15	$0.10	0.4%
2	1	First Executive	1,883.1	18⅞– ⅝	11⅛	5.07	2.2	0.92	12	none	0.0
3	3	Subaru of America	1,636.8	87 – 4⅝	82½	16.93	4.9	7.75	11	1.24	1.5
4	7	Toys "R" Us	1,522.1	48⅝– 2½	41¼	6.12	6.7	1.26	33	none	0.0
5	2	MCI Communications	1,432.5	28½– ⅞	14⅜	3.31	4.3	0.93	15	none	0.0
6	15	Wal-Mart Stores	1,385.6	46⅜– 2⅞	42¼	3.67	11.5	1.21	35	0.14	0.3
7	*	Limited	1,306.7	31 – 1	26⅜	2.10	12.6	0.84	31	0.12	0.5
8	*	Coleco Industries	1,235.6	65 – 1½	20⅞	6.06	3.4	2.68	8	none	0.0
9	*	Fin Corp of America	1,053.2	32⅜– 1⅝	23⅜	5.62	4.2	4.60	5	0.68	2.9
10	12	Zayre	993.3	52¼– 4⅛	46⅛	17.56	2.6	3.02	15	0.30	0.7
11	10	Anixter Bros	880.5	29 – 2⅜	22⅜	6.68	3.3	0.72	31	0.24	1.1
12	4	Wang Laboratories	837.8	42½– 3½	34⅞	7.09	4.9	1.24	28	0.12	0.3
13	29	Chic & North Western	829.6	53⅞– 3¾	47¼	11.30	4.2	0.59	NM	none	0.0
14	8	Bergen Brunswig	821.0	39½– 3	27½	7.72	3.6	1.50	18	0.32	1.2
15	250	Rose's Stores	800.1	24 – 2¼	21	9.41	2.2	2.00	11	0.24	1.1
16	*	Oxford Industries	795.9	51⅝– 4⅜	42	18.52	2.3	4.29	10	0.64	1.5
17	37	GEICO	778.6	64 – 6⅞	61½	16.85	3.6	4.20	15	0.72	1.2
18	71	Stop & Shop Cos	740.4	62⅜– 5⅛	54⅝	17.70	3.1	3.94	14	0.75	1.4
19	41	Berkshire Hathaway	729.1	1,320 –154	1,310	737.06	1.8	56.68	23	none	0.0
20	32	G Heileman Brewing	727.8	44 – 3⅞	32½	7.33	4.4	2.10	15	0.46	1.4
21	136	Varian Associates	725.9	63⅜– 6⅞	55¾	14.06	4.0	2.14	26	0.26	0.5
22	36	Electronic Data Systems	723.7	42⅛– 4⅝	39⅛	4.48	8.7	1.10	36	0.34	0.9
23	48	VF	697.0	41⅜– 4¼	33⅝	9.46	3.6	3.55	9	1.00	3.0
24	55	E-Systems	654.2	44¾– 4	35	6.63	5.3	1.70	21	0.50	1.4
25	14	E F Hutton Group	641.5	53⅛– 4⅞	36¾	18.68	2.0	5.80	6	0.80	2.2
26	62	R H Macy	639.5	64⅞– 7⅛	58¾	18.99	3.1	3.88	15	0.80	1.4
27	82	Dillard Dept Stores	610.8	62¾– 6	57¾	23.10	2.5	4.80	12	0.30	0.5
28	50	Texas Oil & Gas	598.6	26⅞– 3⅜	23¼	4.41	5.3	1.40	17	0.16	0.7
29	27	Paine Webber	592.4	61⅜– 5⅜	37	12.08	3.1	5.53	7	0.60	1.6
30	97	Stone Container	588.3	40½– 5¾	40⅜	14.82	2.7	0.24	NM	0.60	1.5
31	*	MEI	579.1	37¼– 4⅞	36½	8.12	4.5	2.20	17	0.36	1.0
32	51	Warnaco	567.4	36¼– 4⅜	29	14.64	2.0	2.67	11	0.70	2.4
33	*	State Street Boston	556.7	47½– 5	33¼	24.36	1.4	4.23	8	0.90	2.7
34	*	Sanders Associates	547.1	61 – 8⅛	55	15.11	3.6	2.14	26	0.44	0.8
35	40	Lockheed	544.2	47½– 6	41⅞	7.78	5.4	3.94	11	none	0.0
36	113	Saga	543.6	40¼– 3½	31⅜	10.62	3.0	2.17	14	0.36	1.1
37	39	Federal Express	541.9	44¼– 5¼	42⅛	11.47	3.7	2.19	19	none	0.0
38	35	Walgreen	531.1	40 – 6⅛	39¼	9.81	4.0	2.28	17	0.72	1.8
39	17	Sysco	529.5	44½– 5⅞	37¼	11.55	3.2	1.96	19	0.36	1.0
40	41	First Boston	526.4	66⅞– 5	42	28.33	1.5	8.35	5	2.10	5.0
41	116	Fuqua Industries	526.0†	39⅞– 4½	27	9.91	2.7	3.94	7	0.36	1.3
42	182	Fleetwood Enterprises	524.7	41⅞– 2⅝	34¾	6.85	5.1	1.87	19	0.30	0.9
43	*	Cole National	519.0	37 – 4⅜	30⅜	10.94	2.8	1.80	17	0.48	1.6
44	83	Dow Jones	517.2	57 – 8	49⅜	5.24	9.4	1.64	30	0.60	1.2
45	70	Avnet	512.4	50 – 7⅛	43½	15.08	2.9	1.61	27	0.50	1.1
46	5	Comdisco	510.5	42 – 1¾	19	3.87	4.9	1.78	11	0.16	0.8
47	6	Humana	507.6	40 – 4⅝	28⅝	5.74	5.0	1.96	15	0.72	2.5
48	52	Marriott	503.1	81 – 11⅝	73⅛	19.43	3.8	3.95	19	0.36	0.5
49	151	Burlington Northern	488.7	109½– 17¾	104½	76.66	1.4	9.99	10	1.80	1.7
50	*	ROLM	471.6	80 – 10⅛	59⅛	17.39	3.4	1.45	41	none	0.0
51	11	Food Lion	470.5	15 – 1⅞	11¼	1.88	6.0	0.50	23	0.04	0.4
52	*	Wometco Enterprises	465.9	43⅞– 7½	41⅞	11.30	3.7	1.61	26	0.44	1.1
53	13	Beverly Enterprises	463.8	44¾– 3⅞	27¼	11.57	2.4	1.42	19	0.28	1.0
54	56	Natl Convenience Stores	459.0	21½– 3⅜	20½	4.76	4.3	1.00	21	0.40	2.0
55	9	Tandy	450.4	64½– 4½	37½	10.71	3.5	2.72	14	none	0.0
56	86	Parsons	450.3	27⅛– 4⅛	24	7.16	3.4	1.81	13	1.00	4.2
57	125	United States Shoe	448.8	49 – 5½	38⅞	15.42	2.5	3.07	13	0.76	2.0
58	19	Natl Medical Entrprs	447.6	32⅜– 3½	23	9.88	2.3	1.54	15	0.44	1.9
59	63	Pneumo	440.4	33⅜– 3⅞	26⅞	8.48	3.2	2.31	12	0.50	1.9
60	80	Dean Foods	438.5	39¾– 5	35	10.03	3.5	2.24	16	0.60	1.7
61	149	Esmark	432.2	44⅛– 7⅛	40⅞	20.31	2.0	3.76	11	1.04	2.5
62	94	General Cinema	427.3	45½– 8	43½	9.12	4.8	4.95	9	0.64	1.5
63	78	General Host	425.6	17⅝– 3⅛	16½	10.33	1.6	1.35	12	0.35	2.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. NM: not meaningful.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
64	188	Savannah Foods	423.1%	36 – 6⅜	34¼	$20.70	1.7	$ 7.27	5	$1.80	5.3%
65	128	Sherwin-Williams	422.5	31⅜– 4⅞	26⅛	14.55	1.8	2.21	12	0.60	2.3
66	134	Mitchell Energy & Dev	422.2	45⅝– 4½	23½	9.54	2.5	1.77	13	0.24	1.0
67	91	Giant Food	421.6	25 – 4⅛	21⅞	11.56	1.9	2.58	8	0.60	2.7
68	132	American Greetings	417.6	28⅜– 4⅞	27½	10.18	2.7	1.60	17	0.42	1.5
69	*	Allegheny Beverage	415.6	24¾– 3⅜	20⅝	7.36	2.8	2.60	8	0.40	1.9
70	44	James River Corp Va	399.0	42¼– 6⅜	34⅜	13.99	2.5	2.97	12	0.40	1.2
71	435	Levitz Furniture	397.3	47½– 8⅞	46	16.37	2.8	1.99	23	0.72	1.6
72	126	Intel	387.9	46¼– 8¼	40¼	6.09	6.6	0.73	55	none	0.0
73	18	Waste Management	383.9	61⅞– 8¾	43¾	14.09	3.1	2.53	17	0.68	1.6
74	427	Collins & Aikman	374.6	45 – 6¼	39¾	18.95	2.1	3.13	13	1.00	2.5
75	53	Browning-Ferris Inds	374.0	47⅝– 7¾	39½	10.76	3.7	2.31	17	0.80	2.0
76	67	ConAgra	373.1	35 – 7¼	34½	15.17	2.3	2.67	13	1.14	3.3
77	76	Hannaford Bros	364.0	30 – 5⅜	29⅞	14.72	2.0	2.98	10	0.80	2.7
78	59	Merrill Lynch	363.4	56½– 7¾	35⅜	18.36	1.9	4.94	7	0.80	2.2
79	21	Metromedia	363.3	57 – 5⅛	25¼	4.10	6.2	2.26	11	0.76	3.0
80	85	Peoples Drug Stores	362.2	31⅜– 4⅞	26½	10.08	2.6	1.79	15	0.28	1.1
81	16	SCOA Industries	360.2	33⅞– 6	27¾	9.26	3.0	1.92	14	0.60	2.2
82	24	USAir Group	355.2	39⅞– 6½	33	22.52	1.5	2.85	12	0.12	0.4
83	100	CFS Continental	353.8	26⅛– 4¼	25⅜	12.61	2.0	1.86	14	0.40	1.6
84	131	Hartmarx	353.3	36⅛– 6½	34	20.19	1.7	2.76	12	0.94	2.8
85	34	EG&G	350.0	38⅛– 6½	32⅝	5.93	5.5	1.50	22	0.40	1.2
86	123	Rite Aid	349.4	44¾– 9½	44⅜	12.37	3.6	2.79	16	0.64	1.4
87	61	Payless Cashways	348.9	34½– 5⅜	26⅜	5.65	4.7	1.23	21	0.12	0.5
88	606	Roper Corp	345.8	29⅜– 4¼	21⅞	13.95	1.6	1.99	11	0.50	2.3
89	*	City Federal S & L	343.9‡‡	15½– 2½	11⅝	9.44	1.2	2.05	6	none	0.0
90	110	Super Valu Stores	343.2	37 – 7¾	34⅛	8.90	3.9	2.01	17	0.60	1.7
91	23	Piedmont Aviation	342.8	42⅛– 7⅜	32¾	23.49	1.4	1.60	20	0.28	0.9
92	210	Trinity Industries	342.5	30⅜– 4⅝	22⅛	11.74	1.9	0.82	27	0.50	2.3
93	*	Trust Co of Georgia	339.3	42 – 8½	41	17.28	2.4	4.15	10	1.00	2.4
94	108	Commercial Metals	338.9	27⅞– 5	21½	17.50	1.2	1.25	17	0.36	1.7
95	25	Donaldson, Lufkin	337.9	24⅞– 3¼	15⅞	11.41	1.4	1.55	10	0.24	1.5
96	618	Northwest Energy	334.6	39½– 8⅞	38¾	22.66	1.7	1.76	22	1.50	3.9
97	215	American Stores	330.3	44 – 6¾	39⅜	12.15	3.3	3.11	13	0.48	1.2
98	*	Jerrico	330.3	23¾– 3⅞	17¾	10.29	1.7	1.35	13	0.12	0.7
99	157	Meredith	317.3	42⅝– 9	38¼	20.95	1.8	3.91	10	0.72	1.9
100	115	Waldbaum	313.7	28⅛– 4⅛	17	19.35	0.9	3.08	6	none	0.0
101	20	M/A-Com	313.5	35½– 5½	24⅛	7.75	3.1	0.72	34	0.20	0.8
102	49	Shopwell	313.5	35⅜– 3⅜	13⅜	17.30	0.8	1.82	7	0.16	1.2
103	73	Loews	312.7	176 –41¼	171¼	119.13	1.4	26.47	6	1.20	0.7
104	231	Rohm & Haas	312.6	81 –15⅞	65¼	31.31	2.1	5.17	13	1.60	2.5
105	350	Associated Dry Goods	312.2	71½–15¼	67½	41.66	1.6	5.37	13	2.20	3.3
106	156	Dayton-Hudson	311.6	41 – 8⅝	35⅜	13.98	2.5	2.31	15	0.65	1.8
107	461	Culbro	310.5	26½– 3	24⅜	27.48	0.9	1.97	12	0.60	2.5
108	394	Brunswick	308.9	26⅛– 5⅛	25⅞	15.64	1.7	1.61	16	0.60	2.3
109	74	Pay Less Drug NW	308.7	20⅛– 3⅞	17⅝	6.07	2.9	1.14	15	0.27	1.5
110	174	M Lowenstein	307.6	55⅛– 7½	54	50.65	1.1	5.31	10	1.60	3.0
111	244	Perini	307.5	43⅜–10⅛	40¾	28.55	1.4	4.05	10	0.80	2.0
112	66	PHH Group	306.3	47 – 7⅝	32¼	11.94	2.7	2.24	14	0.84	2.6
113	118	Purolator	305.0	70 –14	67½	20.75	3.3	4.54	15	1.20	1.8
114	93	Brown Group	303.1	39⅞– 7¼	32¾	17.29	1.9	3.03	11	1.10	3.4
115	129	Seagram	302.7	37⅞– 9⅛	37¾	28.55	1.3	2.47	15	0.68	1.8
116	31	Hospital Corp of Am	297.1	56⅛– 8⅝	40⅛	15.92	2.5	2.68	15	0.40	1.0
117	161	Penn Central	297.1	41⅛– 9¼	39⅜	36.93	1.1	2.15	18	none	0.0
118	65	ServiceMaster Inds	296.7	46 – 7⅞	33½	2.51	13.3	1.11	30	0.88	2.6
119	141	Flowers Industries	296.3	21¼– 4⅛	19⅜	7.31	2.7	1.28	15	0.48	2.5
120	140	Pioneer	293.9	33⅜– 6⅛	24¼	9.95	2.4	2.11	11	1.24	5.1
121	175	Arden Group	293.8	8⅜– 2⅜	7⅞	9.79	0.8	0.63	13	none	0.0
122	101	G D Searle	290.6	55⅞–11½	51¾	13.32	3.9	3.03	17	0.52	1.0
123	329	Magic Chef	288.9	41 – 6	39⅜	20.42	1.9	3.37	12	0.72	1.8
124	158	Grumman	288.5	33⅜– 7½	29⅜	13.61	2.2	2.48	12	0.90	3.0
125	121	Nordstrom	283.1	46¼– 7½	36⅞	10.92	3.4	2.03	18	0.28	0.8
126	539	Strawbridge & Clothier	281.7	72 –16¼	72	62.10	1.2	8.03	9	1.50	2.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. ‡‡Three year price change.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
127	370	Natl Semiconductor	281.2%	20 – 4⅛	18	$ 4.68	3.8	$–0.06	def	none	0.0%
128	208	Mercantile Stores	280.2	75½–12⅜	50⅜	31.08	1.6	5.10	10	$1.00	2.0
129	90	McGraw-Hill	274.3	53⅞–11⅞	45⅝	10.85	4.2	2.44	19	1.08	2.4
130	87	Capital Cities Commun	272.2	157½–36¾	147½	41.29	3.6	8.04	18	0.20	0.1
131	219	Sonoco Products	272.0	46½–12⅜	46½	19.99	2.3	2.83	16	1.10	2.4
132	64	Supermarkets General	270.8	27⅝– 5½	23⅞	11.66	2.0	2.25	11	0.38	1.6
133	22	General Instrument	269.1	66⅞– 8⅞	33⅜	19.22	1.7	2.32	14	0.50	1.5
134	*	First Atlanta	267.8	23 – 4¾	21¼	14.27	1.5	2.70	8	0.76	3.6
135	111	General Dynamics	267.1	60 –13⅜	58⅜	21.57	2.7	4.95	12	1.00	1.7
136	334	Hanover Insurance	265.6	65⅛–14⅞	55¾	59.06	0.9	7.80	7	0.88	1.6
137	124	Dynalectron	265.4	17⅜– 3⅛	11⅞	9.40	1.3	1.02	12	0.25	2.1
138	823	Allied Supermarkets	264.3	4⅞– ⅝	3¼	7.44	0.4	0.26	12	none	0.0
139	69	Litton Industries	263.6	86⅞–17¼	64⅝	42.51	1.5	5.41	12	1.80	2.8
140	58	U S Home	263.0	20¾– 3½	13⅛	8.72	1.5	0.93	14	0.32	2.4
141	146	Rockwell Intl	262.0	35½– 8⅞	32⅛	13.39	2.4	2.52	13	0.88	2.7
142	218	AMP	259.2	112 –29½	110	19.91	5.5	4.00	28	1.60	1.5
143	227	National Svc Inds	257.9	43 –10¾	38⅛	18.17	2.1	3.37	11	1.20	3.1
144	133	Dun & Bradstreet	255.6	70 –15⅜	62	8.96	6.9	2.87	22	1.60	2.6
145	195	Curtice-Burns	255.3	27 – 6¾	25⅜	13.26	1.9	2.40	11	0.69	2.7
146	54	Nucor	255.2	41⅛–10⅛	37	16.60	2.2	1.75	21	0.32	0.9
147	167	Kelly Services	253.6	47½–10¾	44	12.73	3.5	2.33	19	1.00	2.3
148	258	SEDCO	252.7	49 – 8⅛	35⅛	20.10	1.7	5.95	6	0.58	1.7
149	228	Motorola	252.0	150 –36	140⅜	44.40	3.2	5.30	26	1.60	1.1
150	186	Fleming Cos	250.0	31⅛– 7⅝	28	13.09	2.1	2.24	13	0.72	2.6
151	422	Munford	247.9	27 – 4¼	20⅞	12.68	1.6	1.72	12	0.50	2.4
152	46	Teledyne	246.8	174⅜–47⅜	165⅛	101.00	1.6	12.14	14	none	0.0
153	237	Ametek	243.8	26 – 7½	26	7.26	3.6	1.41	18	0.80	3.1
154	337	Lowe's Companies	243.8	32¾– 5½	24¾	5.96	4.2	1.16	21	0.32	1.3
155	142	Borg-Warner	241.8	27¾– 6¾	24¼	16.19	1.5	1.95	12	0.84	3.5
156	194	Tyco Laboratories	241.8	29⅜– 8⅛	28⅝	17.29	1.7	2.18	13	0.70	2.4
157	233	Avery International	240.0	25⅜– 7⅛	25½	10.34	2.5	1.62	16	0.52	2.0
158	60	Republic New York	238.6	50 –11⅜	39½	29.78	1.3	5.54	7	1.52	3.8
159	77	Allied Bancshares	235.1	27½– 6⅜	21	9.92	2.1	2.51	8	0.76	3.6
160	406	Super Food Services	233.9	30 – 5⅞	27¼	10.10	2.7	1.94	14	0.40	1.5
161	98	Dibrell Brothers	233.3	27⅜– 5¼	20	18.07	1.1	3.39	6	0.80	4.0
162	43	Todd Shipyards	231.7	41¾–10⅜	34	27.32	1.2	4.67	7	1.32	3.9
163	112	Revco D S	230.9	36½– 9⅛	34⅛	11.59	3.0	2.22	15	0.68	2.0
164	286	Univar	229.8	35 – 6¾	23½	17.58	1.3	1.26	19	0.68	2.9
165	126	Albertson's	228.1	30¼– 8⅜	30¼	10.44	2.9	1.98	15	0.60	2.0
166	239	Holiday Inns	227.5	59 –13¾	53⅜	24.94	2.2	3.15	17	0.84	1.6
167	81	Hewlett-Packard	226.0	48¼–10½	36⅝	9.37	3.9	1.69	22	0.18	0.5
168	902	Chrysler	223.2	35⅝– 3	27⅞	–5.61	NE	1.62	17	none	0.0
169	153	New York Times	222.9	30⅝– 6	30	8.75	3.4	1.73	17	0.48	1.6
170	373	Macmillan	221.6	38¾– 9½	30⅝	15.42	2.0	2.35	13	0.80	2.6
171	787	Pantry Pride	221.4	7¾– 1⅜	5⅜	–3.68	NE	0.19	30	none	0.0
172	148	Flickinger	220.8	28⅜– 6⅛	25	13.95	1.8	2.42	10	0.66	2.6
173	169	Thriftimart	218.8	51 –15⅛	51	64.46	0.8	4.81	11	1.60	3.1
174	319	Archer Daniels Midland	218.0	26½– 7⅛	23¼	16.64	1.4	1.35	17	0.14	0.6
175	211	Masco	217.0	37 – 9⅜	31½	10.44	3.0	1.76	18	0.44	1.4
176	*	Life Investors	216.7	34 –10	33⅜	26.12	1.3	2.89	12	0.24	0.7
177	217	Zapata	216.2	39⅝– 5¼	16¼	20.86	0.8	2.45	7	0.84	5.2
178	205	R R Donnelley & Sons	214.7	48 –11⅞	42⅞	16.43	2.6	2.88	15	0.84	2.0
179	850	Scot Lad Foods	214.3	11⅜– 3½	11	8.18	1.3	–0.11	def	none	0.0
180	685	Fidelcor	209.9	37¾– 8⅞	35¼	40.17	0.9	8.43	4	2.20	6.2
181	30	Big V Supermarkets	208.6	16⅝– 2⅞	12½	6.65	1.9	1.20	10	0.40	3.2
182	203	Hershey Foods	207.9	35 – 8¾	31⅜	16.99	1.9	2.99	11	1.15	3.6
183	425	North Amer Philips	207.4	79⅝–23½	78	56.57	1.4	6.31	12	1.70	2.2
184	302	Circle K	207.2	25 – 7⅜	24	6.16	3.9	1.63	15	0.74	3.1
185	312	West Point-Pepperell	206.5	53 –13⅝	50	38.33	1.3	5.10	10	2.20	4.4
186	204	Manhattan Industries	206.5	25⅛– 4¼	24⅞	15.64	1.6	2.01	12	0.30	1.2
187	447	Santa Fe Industries	205.1	36⅛– 9⅞	30	29.60	1.0	2.21	14	1.00	3.3
188	137	Barnett Banks Fla	204.9	41 –11⅛	39⅛	23.64	1.7	4.44	9	1.20	3.1
189	*	Banc One	203.4	31⅛– 7⅛	29¼	14.19	2.1	2.60	11	0.96	3.3

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. def: deficit. NE: negative equity.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
190	*	Cox Communications	203.1%	55¼–13⅞	42¼	$15.21	2.8	$2.49	17	$0.30	0.7%
191	707	G C Murphy	202.1	40⅜– 9⅝	36¼	33.74	1.1	3.73	10	1.28	3.5
192	335	H H Robertson	201.9	42 –13⅜	40	29.07	1.4	3.62	11	1.60	4.0
193	200	Farm House Foods	201.9	7 – 1⅝	6⅛	3.04	2.0	0.03	NM	none	0.0
194	185	Dover	201.8	38½–10	31½	12.61	2.5	2.10	15	0.74	2.3
195	273	Ceco	201.1	24½– 7½	22⅜	26.35	0.8	2.38	9	0.72	3.2
196	105	Washington Post	201.1	72 –15⅞	70	18.32	3.8	4.37	16	0.66	0.9
197	159	Golden West Finl	200.0	30½– 4½	23½	7.66	3.1	3.70	6	0.06	0.3
198	444	Sheller-Globe	200.0	33½– 4¾	27	17.79	1.5	1.82	15	0.60	2.2
198	719	Southern Pacific	200.0	41⅞–12½	37⅞	41.86	0.9	9.52	4	1.50	4.0
200	92	Alleghany	199.4	95 –17½	64⅜	42.55	1.5	5.51	12	1.08	1.7
201	152	Pioneer Hi-Bred Intl	199.4	34¼– 9	30⅛	10.43	2.9	1.37	22	0.72	2.4
202	177	Abbott Laboratories	197.0	533⅓–147⅛	50⅛	10.74	4.7	2.70	19	1.00	2.0
203	402	Dorsey	196.8	44⅝–12	34⅞	23.49	1.5	3.19	11	1.20	3.4
204	88	Blount	196.3	19½– 4⅛	12½	7.32	1.7	1.59	8	0.30	2.4
205	299	Westinghouse Electric	196.2	53⅜–16½	49¼	36.31	1.4	4.66	11	1.80	3.7
206	229	Time Inc	195.9	78⅜–17⅞	63¼	23.73	2.7	2.51	25	1.00	1.6
207	166	A C Nielsen	194.6	39¼–10⅝	34¼	9.95	3.4	2.20	16	0.68	2.0
208	254	Pitney Bowes	193.0	35¼–10⅞	34¼	14.32	2.4	2.04	17	0.92	2.7
209	667	Shaklee	191.6	42¼– 6⅜	19½	9.69	2.0	2.71	7	0.72	3.7
210	339	A H Robins	191.4	29⅜– 6⅜	25½	13.29	1.9	2.37	11	0.68	2.7
211	263	Fleet Financial	190.8	50¼–15	47¼	37.03	1.3	6.71	7	2.40	5.1
212	236	Kane-Miller	190.6	19⅞– 6¾	19¼	38.82	0.5	–2.47	def	0.28	1.5
213	145	General Re	189.8	73 –18⅞	64⅛	25.29	2.5	4.73	14	1.28	2.0
214	262	Armstrong Rubber	189.8	44¼– 7¼	35½	35.37	1.0	4.64	8	0.80	2.3
215	220	Morrison-Knudsen	189.7	46½– 9⅜	28¼	29.98	0.9	3.74	8	1.32	4.7
216	356	PPG Industries	189.6	37¼–11⅞	34⅜	24.55	1.4	2.96	12	1.28	3.7
217	38	Amer Medical Intl	189.5	37¼– 6½	24⅛	9.15	2.6	2.05	12	0.48	2.0
218	344	Equifax	188.0	37⅞– 8½	29⅞	10.43	2.9	2.32	13	1.60	5.4
219	226	Turner Construction	187.6	42½–12½	37¾	22.52	1.7	5.73	7	2.00	5.3
220	336	Bausch & Lomb	187.2	35 – 8⅞	28	10.47	2.7	1.49	19	0.78	2.8
221	122	Fort Howard Paper	187.0	62 –17⅞	55¼	16.40	3.4	3.73	15	1.32	2.4
222	442	KN Energy	186.9	56 –14⅜	44¾	18.27	2.4	3.47	13	1.48	3.3
223	360	Phillips-Van Heusen	184.9	21⅛– 5	18⅞	18.31	1.0	2.17	9	0.40	2.1
224	207	Ball Corp	184.4	36⅛– 9½	32	20.96	1.5	3.39	9	1.16	3.6
225	240	First Union	183.9	41½– 9¾	39¾	27.61	1.4	5.28	8	1.36	3.4
226	562	Amstar	183.6	50⅜–14	45⅜	40.56	1.1	3.16	14	1.90	4.2
227	266	Service Merchandise	180.9	27 – 3⅞	23⅞	7.08	3.4	1.30	18	0.08	0.3
228	601	Uniroyal	180.0	17⅞– 3⅛	15¾	17.60	0.9	0.84	19	none	0.0
229	310	Bell & Howell	179.4	28¾– 7⅛	22	15.24	1.4	2.93	8	0.50	2.3
230	349	Roadway Services	179.3	71¼–22	69⅛	22.75	3.0	4.59	15	1.80	2.6
231	106	Ryder System	178.7	61⅜–14¼	58	25.00	2.3	4.16	14	1.08	1.9
232	275	Wachovia	177.9	47⅛–15¼	45½	27.96	1.6	4.72	10	1.56	3.4
233	*	Global Marine	177.8	36½– 3½	9⅜	14.85	0.6	2.04	5	0.24	2.6
234	103	Anheuser-Busch Cos	176.3	77 –19⅜	65⅜	34.10	1.9	6.37	10	1.76	2.7
235	109	Weis Markets	176.3	40⅜– 9⅞	28¾	11.89	2.4	2.33	12	0.56	1.9
236	68	Cincinnati Milacron	176.1	46¼–10	30⅜	14.53	2.1	–0.65	def	0.72	2.4
237	274	Ruddick	175.4	29⅜– 6¾	22⅜	17.62	1.3	2.64	8	0.77	3.4
238	295	Morton Thiokol	174.9	80½–21¼	79⅜	32.78	2.4	5.50	14	1.76	2.2
239	510	Outboard Marine	174.6	46¾– 8⅞	46	38.12	1.2	4.51	10	1.04	2.3
240	191	Martin Marietta	172.8	43¼–13¼	36⅜	15.15	2.4	3.37	11	1.34	3.7
241	197	Citizens & Sthrn Ga	172.5	15⅞– 4¾	13⅝	10.96	1.2	1.83	7	0.64	4.7
242	441	AMR	171.7	38¼– 6¾	36	22.07	1.6	2.18	17	none	0.0
243	700	Cone Mills	170.7	63½–22½	61¼	60.95	1.0	2.93	21	1.60	2.6
244	288	Shell Oil	170.0	65½–15⅛	43⅜	33.30	1.3	4.92	9	2.00	4.6
245	154	Wyman-Gordon	170.0	37⅛–11	33¾	15.01	2.2	2.16	16	0.80	2.4
246	199	Times Mirror	169.8	88 –28	80¼	28.92	2.8	5.00	16	2.00	2.5
247	175	Deluxe Check Printers	168.3	47⅛–12	40¼	11.23	3.6	3.24	12	1.36	3.4
248	328	Arkla	168.2	29⅞– 7¾	21⅜	9.64	2.2	1.56	14	1.04	4.9
249	165	Control Data	168.1	64⅜–14½	46¼	46.10	1.0	4.05	11	0.60	1.3
250	467	Alexander's	168.0	18⅜– 5⅛	16¾	14.14	1.2	1.03	16	none	0.0
251	751	Harris Bankcorp	167.0	73½–20¾	70¾	57.72	1.2	5.00	14	2.32	3.3
252	377	Alexander & Baldwin	165.7	46⅛–16¼	45½	39.22	1.2	5.30	9	2.00	4.4

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
253	180	Alco Standard	164.6%	40¼–11⅜	31¾	$18.85	1.7	$2.70	12	$1.16	3.7%
254	198	Baxter Travenol Labs	164.0	31⅜– 8⅞	27⅛	7.52	3.6	1.51	18	0.28	1.0
255	213	Melville	162.6	47⅜–11⅞	34⅛	13.47	2.6	2.91	12	1.09	3.1
256	144	Cabot	162.2	36⅝–10¼	26⅞	20.20	1.3	2.00	13	0.92	3.4
257	307	Colt Industries	161.9	50½–17	47⅜	18.51	2.6	3.26	15	2.20	4.6
258	247	United Virginia Bshs	161.5	31⅞–10½	29¾	23.85	1.2	4.20	7	1.28	4.3
259	99	Hilton Hotels	161.5	60¼–22	58½	21.31	2.7	3.96	15	1.80	3.1
260	592	DeSoto	160.4	37¼–10	29⅜	21.31	1.4	2.97	10	1.24	4.2
261	96	Whittaker	159.8	50⅞–11⅜	29⅞	22.86	1.3	2.22	13	1.60	5.4
262	666	Reichhold Chemicals	159.6	38⅞– 9⅛	30½	24.32	1.3	2.03	15	0.60	2.0
263	304	H J Heinz	159.4	36¼–11⅝	34⅛	15.77	2.2	3.09	11	1.40	4.1
264	609	American Family	159.0	20¼– 5⅞	19⅜	11.17	1.7	1.53	13	0.60	3.1
265	353	Monfort of Colorado	158.7	21⅛– 3⅜	14⅞	11.36	1.3	3.48	4	none	0.0
266	504	Witco Chemical	158.4	35⅞–13⅜	35¼	20.72	1.7	3.11	11	1.32	3.7
267	150	Superior Oil	158.4	50¼–12¼	34	18.12	1.9	1.63	21	0.20	0.6
268	300	Consol Freightways	157.3	59⅛–18	57⅛	36.97	1.5	4.61	12	1.80	3.1
269	139	Centex	157.1	33⅛–11½	30	18.27	1.6	2.48	12	0.25	0.8
270	192	Bankers Trust NY	156.4	49½–16½	42⅛	49.86	0.9	7.90	5	2.25	5.3
271	386	Southland	155.8	48¼–11¼	43	19.48	2.2	3.39	13	0.84	2.0
272	202	American General	155.8	24⅛– 8⅛	23⅛	19.25	1.2	2.86	8	0.80	3.5
273	315	Cluett, Peabody	155.2	32¼– 7¼	27¾	24.03	1.2	2.83	10	0.92	3.3
274	489	White Consolidated	154.8	45⅜–17	43	36.09	1.2	3.06	14	1.50	3.5
275	317	Quaker Oats	154.6	60¾–22	58¼	31.94	1.8	3.03	19	2.20	3.8
276	833	Zenith Radio	153.4	34½– 7⅛	32⅝	14.42	2.3	0.85	38	none	0.0
277	147	Shawmut	153.4	40½–14⅝	37⅛	43.95	0.9	4.67	8	1.92	5.1
278	257	Harvey Hubbell	153.1	37¼–12⅛	30⅜	17.69	1.7	2.48	12	1.24	4.1
279	269	Thrifty Corp	152.6	25¼– 4⅛	18	6.14	2.9	1.13	16	0.46	2.6
280	342	Dorchester Gas	152.4	29⅛– 5⅛	13⅛	7.96	1.7	1.01	13	0.16	1.2
281	168	Springs Industries	151.7	45 –12¾	37⅛	44.94	0.8	3.60	10	1.52	4.1
282	248	City Investing	150.5	39⅛–13¼	34⅛	30.81	1.1	2.98	11	1.80	5.3
283	45	Tyson Foods	148.9	17¾– 3⅛	14	7.19	1.9	1.64	9	0.08	0.6
284	303	Bristol-Myers	148.3	47⅞–15⅜	44⅜	12.60	3.5	2.89	15	1.20	2.7
285	75[illegible]	BanCal Tri-State	148.0	47½–14¾	45⅞	40.67	1.1	5.55	8	1.20	2.6
286	4[illegible]	Jonathan Logan	147.9	26½– 4⅜	19⅝	18.21	1.1	2.42	8	0.54	2.8
287	333	Whirlpool	147.7	57 –14⅝	47⅜	24.02	2.0	4.64	10	2.00	4.2
288	104	Std Comml Tobacco	146.9	27¼– 9⅞	20	22.15	0.9	3.07	7	0.44	2.2
289	57	Cullum Companies	146.8	20⅛– 5¾	15	10.47	1.4	1.66	9	0.56	3.7
290	117	Freeport-McMoran	146.7	40⅝– 7¾	19⅛	10.53	1.9	1.31	15	0.60	3.1
291	224	Amer Hospital Supply	145.7	49 –15¾	43	16.58	2.6	3.01	14	1.00	2.3
292	536	Amer Maize-Products	144.9	20⅞– 6½	17¼	21.52	0.8	0.68	25	0.52	3.0
293	738	Hoover	144.6	25⅞– 8⅜	25⅜	13.93	1.8	1.77	14	1.00	3.9
294	193	Pfizer	143.9	44¼–14½	40¼	12.82	3.1	2.59	16	1.16	2.9
295	214	Western Co No Amer	143.8	32½– 3⅞	9¾	8.70	1.1	–0.25	def	none	0.0
296	417	Allied Stores	143.7	56½–18¾	53	41.68	1.3	5.75	9	2.00	3.8
297	223	Knight-Ridder News	143.1	30½– 9⅜	27½	11.71	2.3	1.73	16	0.64	2.3
298	212	Raychem	142.8	93 –32½	79½	30.04	2.6	3.15	25	0.44	0.6
299	160	Northrop	142.6	98¼–27¾	86⅛	32.60	2.6	4.83	18	1.80	2.1
300	184	Levi Strauss	142.3	56 –17⅛	42⅛	23.37	1.8	4.49	9	1.85	4.4
301	*	Fremont General	142.0	33⅞– 5½	15⅞	11.78	1.3	–0.07	def	0.48	3.0
302	480	Ethyl	141.9	29⅛– 9⅛	26	19.47	1.3	2.43	11	0.85	3.3
303	519	IU International	141.6‡	30⅜– 9⅝	26⅞	13.94	1.9	1.83	15	1.15	4.3
304	201	Federal-Mogul	141.5	34⅜–12½	32	19.51	1.6	2.77	12	1.40	4.4
305	407	Clorox	140.7	36½– 7⅞	25⅞	13.48	1.9	2.92	9	1.04	4.0
306	245	Jewel Cos	140.4	54⅝–19⅞	48⅜	40.08	1.2	6.56	7	2.60	5.4
307	376	Sun Chemical	140.0	32 –12⅛	29¼	22.09	1.3	2.08	14	0.48	1.6
308	380	Security Pacific	139.8	58½–18½	50⅜	44.24	1.1	7.21	7	2.24	4.4
309	383	McDonald's	139.6	74½–24⅛	73⅞	25.51	2.9	5.53	13	1.00	1.4
310	635	Robertshaw Controls	139.5	30 – 9⅜	29⅜	20.26	1.4	2.38	12	0.93	3.2
311	348	Gulf & Western Inds	138.9	30⅛–10⅞	27	24.52	1.1	–2.86	def	0.90	3.3
312	189	Newmont Mining	138.4	79¼–21½	51¼	47.81	1.1	2.32	22	1.00	2.0
313	291	Lear Siegler	137.5	47¼–17½	42¾	27.70	1.5	4.02	11	1.60	3.7
314	225	Bank of New England	137.3	66¼–17½	47¾	49.90	1.0	7.97	6	2.60	5.4
315	272	Signal Cos	137.2	38¾–13⅛	31⅛	23.52	1.3	0.79	40	0.90	2.8

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.
*Not ranked last year. ‡Four-year price change. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
316	389	PACCAR	136.9%	55 –18⅞	54⅜	$32.22	1.7	$1.70	32	$1.20	2.2%
317	382	General Electric	135.5	57¾–22	55½	22.38	2.5	4.33	13	2.00	3.6
318	704	Cummins Engine	135.3	78¾–25⅞	78¼	58.18	1.3	–2.62	def	2.00	2.6
319	235	George A Hormel	134.7	31½–12¼	28¾	25.56	1.1	2.54	11	1.00	3.5
320	163	Western Union	133.6	54⅛–15⅛	35⅛	34.88	1.0	3.17	11	1.40	3.9
321	230	Auto Data Processing	133.2	44½–14⅜	34⅛	12.04	2.8	1.91	18	0.56	1.6
322	434	Combined Internatl	132.9	42½–16⅛	41⅜	21.12	2.0	3.45	12	2.00	4.8
323	413	Dennison Mfg	132.5	39 –15⅛	34⅞	19.76	1.8	2.61	13	1.60	4.6
324	305	Heck's	132.5	19⅜– 6½	15½	11.58	1.3	0.73	21	0.28	1.8
325	430	LTV	132.1†	26⅛– 6⅜	15⅜	22.03	0.7	–5.22	def	0.25	1.6
326	341	American Express	131.8	49⅛–12⅛	33¾	15.97	2.1	3.45	10	1.28	3.8
327	403	Gulf United	130.8	30¼–12⅞	30	22.96	1.3	3.23	9	NM	—
328	412	Hercules	130.5	43⅛–15⅛	37¾	24.18	1.6	2.75	14	1.44	3.8
329	416	Kimberly-Clark	130.3	99 –37¼	94⅛	62.97	1.5	7.54	12	4.20	4.5
330	922	Yellow Freight System	129.5	46⅛–10⅞	44¼	15.53	2.9	2.61	17	0.92	2.1
331	265	Nalco Chemical	129.0	37 –13⅛	30⅝	8.47	3.6	1.56	20	1.20	3.9
332	301	Mercantile Texas	128.0	36⅜–12⅜	28½	22.26	1.3	4.24	7	1.28	4.5
333	277	Texas Commerce Bshs	127.7	46⅜–17⅞	41⅛	27.30	1.5	5.49	7	1.42	3.5
334	518	Monsanto	127.7	116⅜–42¼	107	85.96	1.2	7.92	14	4.20	3.9
335	456	May Dept Stores	126.5	63 –18	53½	35.82	1.5	5.85	9	2.00	3.7
336	289	Ryan Homes	126.4	50 –12	36½	16.35	2.2	2.47	15	1.00	2.7
337	913	Kaiser Steel	126.0	50¾–13¾	41¼	35.20	1.2	–1.10	def	none	0.0
338	135	American Intl Group	125.8	77¾–25½	61⅛	31.38	1.9	5.97	10	0.44	0.7
339	379	Illinois Tool Works	125.4	55⅛–20¼	55½	24.52	2.3	3.85	14	1.16	2.1
340	650	Gerber Products	125.4	42¾–11⅞	40	21.12	1.9	3.33	12	1.48	3.7
341	79	Marsh Supermarkets	125.0	20⅜– 4⅛	13½	11.88	1.1	1.12	12	0.48	3.6
341	792	Pay'n Save	125.0	27⅜– 8¼	25⅞	14.32	1.8	1.90	14	0.56	2.2
341	419	Wheeling-Pitts Steel	125.0	40⅛–10⅜	23⅜	80.50	0.3	–23.53	def	none	0.0
344	641	Ralston Purina	124.2	27⅛– 9¼	25½	10.84	2.4	2.58	10	0.84	3.3
345	162	Handy & Harman	123.6	34½– 7⅞	17¾	9.12	1.9	0.62	29	0.60	3.4
346	*	Sun Banks	123.3	29½–10¾	28¾	20.01	1.4	2.92	10	1.20	4.2
347	234	Bank of Boston	123.0	47⅜–16½	40⅞	48.70	0.8	7.65	5	2.32	5.7
348	262	American Brands	122.6	58⅛–23⅞	56⅛	34.70	1.6	6.75	8	3.60	6.4
349	308	Malone & Hyde	122.8	33 –10⅞	31¾	12.18	2.6	2.21	14	0.84	2.6
350	216	Vulcan Materials	122.7	70 –28	63¾	37.54	1.7	3.83	17	2.44	3.8
351	362	Alcan Aluminium	122.1	41⅜–15⅞	37⅜	29.48	1.3	0.20	NM	0.90	2.4
352	612	Exxon	121.2	52⅞–20¼	51¼	27.40	1.9	0.56	NM	0.80	1.6
353	*	Midlantic Banks	120.8	42½–15	39⅜	37.42	1.1	8.02	5	2.00	5.1
354	436	Trane	120.7	43¾–16¼	42¾	27.32	1.6	2.49	17	1.36	3.2
355	385	Gordon Jewelry	120.6	30 –11¼	28⅛	25.62	1.1	2.35	12	0.56	2.0
356	366	American Petrofina	119.8	71⅞–24	55½	52.01	1.1	4.31	13	3.20	5.8
357	597	A E Staley Mfg	119.4	42½–11⅛	24½	23.19	1.1	0.31	NM	0.80	3.3
358	632	Genesco	119.4	11⅛– 2¾	8½	4.09	2.1	–0.06	def	none	0.0
359	566	Avondale Mills	119.3	46 –13⅜	39⅜	41.13	1.0	5.02	8	1.40	3.5
360	280	NCR	119.0	135⅛–38¾	132½	72.41	1.8	9.80	14	2.60	2.0
361	*	CBT	119.0	30½–12⅜	29½	31.34	0.9	4.76	6	1.64	5.6
362	390	Universal Leaf	118.8	42⅛–15½	37⅜	24.71	1.5	4.22	9	1.76	4.7
363	574	InterNorth	118.8	49⅜–16⅞	37⅞	30.80	1.2	4.73	8	2.32	6.1
364	579	Burlington Inds	118.4	43 –14¾	37⅛	40.16	0.9	3.10	12	1.52	4.1
365	252	Crown Central Petroleum	118.4	43⅞– 8½	19¼	30.36	0.6	0.06	NM	0.80	4.2
366	318	Standard Oil Ohio	118.2	91½–20	46⅜	29.20	1.6	6.71	7	2.60	5.6
367	498	Borden	118.1	61 –19⅝	55⅝	46.97	1.2	6.23	9	2.44	4.4
368	206	McKesson	118.0	51 –17⅞	40⅞	29.38	1.4	3.76	11	2.40	5.9
369	290	Insilco	116.7	25½– 8⅛	18⅛	13.85	1.3	1.85	10	1.00	5.5
370	458	King Kullen Grocery	116.3	32 –11	26½	40.05	0.7	4.45	6	0.50	1.9
371	396	National Gypsum	116.1	35⅞–15¾	33½	29.66	1.1	2.31	15	1.56	4.7
372	259	Gannett	115.8	48 –17⅜	39⅛	11.65	3.4	2.33	17	1.28	3.3
373	143	Kroger	115.4	47⅛–14	38⅛	29.72	1.3	3.51	11	2.00	5.2
374	281	CNA Financial	115.0	22⅞–10⅛	21½	20.83	1.0	3.07	7	none	0.0
375	371	Reading & Bates	115.0	39⅞– 5⅞	12½	15.24	0.8	1.11	11	0.40	3.2
376	367	Pueblo International	114.7	11¾– 2¼	9⅛	10.55	0.9	0.80	11	0.16	1.8
377	532	Scott Paper	114.6	30⅛–13⅜	29½	31.04	1.0	1.93	15	1.00	3.4
378	179	Figgie Intl Holdings	114.5	26⅛– 8⅛	22¼	27.59	0.8	3.61	6	0.68	3.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
379	537	Consolidated Edison	114.0%	25⅞– 9⅞	24¾	$25.95	1.0	$ 3.97	6	$1.88	7.6%
380	439	Maryland National	113.8	32¼– 12½	31	38.28	0.8	4.82	6	1.36	4.4
381	396	SONAT	113.4	39⅛– 15⅞	33⅞	28.07	1.2	5.26	6	1.55	4.6
382	381	Corestates Financial	113.1	35¼– 11¾	30½	33.44	0.9	5.51	6	1.86	6.1
383	411	Denny's	112.0	38¼– 7⅞	36¾	17.17	2.1	2.76	13	0.72	2.0
384	279	TRW	111.5	79 – 33⅛	76⅛	40.56	1.9	4.95	15	2.80	3.7
385	507	So New England Tel	111.3	40 – 13⅞	37½	27.07	1.4	3.90	10	2.52	6.7
386	343	Consolidated Foods	111.2	25⅛– 9⅞	24⅞	16.20	1.5	2.93	8	1.30	5.2
387	619	Maytag	110.9	56¼– 21½	48¼	14.30	3.4	3.93	12	2.95	6.1
388	270	Frederick & Herrud	110.5	9⅛– 4	8	8.91	0.9	1.74	5	none	0.0
389	762	Mohasco	110.3	25½– 7	22⅞	28.99	0.8	0.88	26	0.32	1.4
390	260	Sundstrand	110.2	59½– 21¾	46¼	26.72	1.7	2.49	19	1.80	3.9
391	296	Foster Wheeler	108.8	30½– 6⅞	14¾	10.40	1.4	1.48	10	0.44	3.0
391	409	R J Reynolds Inds	108.8	63⅜– 27	59⅛	42.33	1.4	6.81	9	3.20	5.4
393	535	U S Industries	107.9	18¾– 6⅞	16⅜	17.34	0.9	1.35	12	0.76	4.6
394	608	American Cyanamid	107.9	59 – 20⅝	52¾	31.81	1.7	3.09	17	1.75	3.3
395	338	Union Pacific	107.8	96¼– 25¾	53½	34.66	1.5	3.27	16	1.80	3.4
396	832	Arvin Industries	107.6	30½– 9¾	27½	22.60	1.2	1.77	16	1.12	4.1
397	271	Unocal	107.5	56½– 13⅞	29½	27.33	1.1	3.88	8	1.00	3.4
398	418	Murphy Oil	107.0	64 – 13⅜	30⅜	24.60	1.2	4.00	8	1.00	3.3
399	414	Hammermill Paper	106.9	45¼– 18	45¼	44.17	1.0	1.92	24	1.84	4.1
400	84	Mission Insurance	106.6	41 – 13½	28	19.94	1.4	2.47	11	1.00	3.6
401	542	Westvaco	106.4	36¼– 16½	35¼	28.22	1.2	2.30	15	1.20	3.4
402	429	NCNB	106.3	29⅞– 10	24¾	21.95	1.1	3.68	7	1.12	4.5
403	563	J C Penney	106.2	67⅞– 19⅝	62⅛	43.95	1.4	5.54	11	2.16	3.4
404	723	Sears, Roebuck	105.7	45⅛– 14⅜	40⅜	25.08	1.6	3.33	12	1.52	3.7
405	530	Greyhound	105.7	28 – 11	22⅜	22.22	1.0	2.28	10	1.20	5.3
406	868	Singer	105.7	32½– 6¼	27¼	16.92	1.6	0.01	NM	0.10	0.4
407	613	Morse Shoe	105.7	39¾– 10	31⅞	20.28	1.6	3.05	10	0.60	1.9
408	488	ENSERCH	105.4	40 – 11⅜	23⅜	17.95	1.3	1.72	14	1.60	6.8
409	368	Old Republic Intl	105.1	34¼– 10¼	31	25.50	1.2	4.48	7	0.90	2.9
410	446	Fischbach	104.7	55⅛– 19¾	48⅜	45.17	1.1	7.66	6	2.65	5.4
411	684	Carson Pirie Scott	104.4	44¾– 12¾	35	33.59	1.0	3.94	9	1.20	3.4
412	238	Amerada Hess	104.1	54¾– 12⅜	28	30.53	0.9	2.27	12	1.10	3.9
413	75	Brown-Forman Dist	103.7	45⅛– 15½	34⅝	18.11	1.9	3.61	10	0.88	2.5
414	286	Safeco	103.2	60 – 27¾	56⅜	48.59	1.2	6.60	9	2.60	4.6
415	543	Sun Company	102.9	59⅜– 20⅞	43⅛	42.90	1.0	4.57	9	2.30	5.3
416	522	Zale	101.6	34 – 15	32¼	35.58	0.9	1.78	18	1.26	3.9
417	359	Goodyear	101.6	36⅞– 10⅜	32½	33.14	1.0	2.32	14	1.40	4.3
418	284	Worthington Inds	101.0	28⅞– 9⅜	24⅜	7.65	3.2	1.25	20	0.52	2.1
419	525	Hyster	100.4	65½– 28½	64⅝	51.56	1.3	0.03	NM	1.00	1.5
420	437	Zurn Industries	100.0	37⅜– 14⅛	29	24.08	1.2	2.92	10	1.32	4.6
421	484	Ex-Cell-O	99.8	44½– 16⅞	36⅝	29.06	1.3	3.37	11	1.60	4.4
422	879	Allied Corp	98.7	61¼– 28½	56⅛	58.00	1.0	5.21	11	2.40	4.3
423	420	Wendy's International	98.5	20⅞– 3¾	19⅝	6.50	3.0	1.27	15	0.32	1.6
424	401	Kidde	98.3	37 – 13¾	28⅛	34.24	0.8	3.65	8	1.10	3.8
425	358	ASARCO	98.2	58½– 13⅜	27½	36.22	0.8	0.80	34	0.40	1.5
426	511	Chubb	98.1	68⅛– 29¾	64⅜	58.90	1.1	7.67	8	3.12	4.8
427	651	Houston Natural Gas	97.7	63⅛– 21⅜	43¾	30.85	1.4	4.66	9	1.82	4.2
428	130	Chartec	97.6	50 – 5	10⅛	24.90	0.4	0.83	12	1.00	9.9
429	451	Bemis	97.5	43½– 19⅝	39½	47.44	0.8	2.83	14	1.60	4.1
429	570	North American Coal	97.5	49¼– 19⅛	39½	27.67	1.4	6.40	6	0.90	2.3
431	352	Combustion Eng	96.9	54⅛– 16¼	32⅛	25.96	1.2	3.54	9	1.84	5.7
432	*	American District	96.9	32⅝– 7¼	23⅜	15.70	1.5	2.15	11	0.92	3.9
433	528	Allegheny Intl	96.6	55⅜– 14¾	28¾	36.17	0.8	–4.27	def	1.40	4.9
434	680	Allen Group	96.3	23⅜– 11¼	22¼	13.98	1.6	–0.13	def	0.40	1.8
435	692	Pillsbury	96.3	37⅛– 13⅜	36⅜	22.10	1.6	3.40	11	1.40	3.9
436	321	Philip Morris	95.7	71 – 29⅛	69	29.09	2.4	6.88	10	2.90	4.2
437	824	Great Atl & Pac Tea	95.7	14½– 3½	11¼	8.81	1.3	0.70	16	none	0.0
438	196	Fairchild Industries	95.6	33⅞– 10¼	21⅛	21.53	1.0	1.32	16	0.80	
439	415	Travelers	95.6	34¼– 16½	33¼	35.37	0.9	3.97	8	1.80	5.4
440	297	Texas American Bshs	95.3	45⅛– 15⅞	35½	31.96	1.1	4.13	9	1.52	4.3
441	326	Central Steel & Wire	94.4	375 –180	350	412.38	0.8	42.58	8	20.00	5.7

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.
*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
442	430	SCM	94.1%	39½–16⅛	33	$52.69	0.6	$1.59	21	$2.00	6.1%
443	544	New England Electric	93.5	43⅛–17¼	41⅛	29.85	1.4	5.46	8	3.40	8.3
444	577	Union Carbide	93.4	73⅞–34	65¾	73.54	0.9	3.13	21	3.40	5.2
445	242	United States Gypsum	92.3	57⅞–25¾	50¼	41.59	1.2	4.02	13	2.60	5.2
446	313	McCormick	92.2	35⅞–13½	27⅞	15.09	1.8	2.43	11	0.88	3.2
447	567	First Natl State Bcp	92.1	41½–15⅞	38⅞	42.08	0.9	7.00	6	2.64	6.8
448	670	Getty Oil	92.1	108¼–35½	72½	64.46	1.1	5.36	14	2.60	3.6
448	610	Torchmark	92.1	43 –16¾	42¼	34.37	1.2	4.68	9	1.60	3.8
450	699	Celanese	91.9	79¼–39⅛	77	66.83	1.2	2.04	38	4.00	5.2
451	540	F W Woolworth	91.6	39⅛–15⅞	37⅛	31.57	1.2	4.46	8	1.80	4.8
452	657	Household Intl	91.4	34 –13⅜	33½	25.89	1.3	3.50	10	1.70	5.1
453	209	Raytheon	91.4	57½–21⅜	44½	20.28	2.2	3.52	13	1.40	3.1
454	555	Carnation	91.4	52¾–21	50	30.23	1.7	5.32	9	2.20	4.4
455	549	Parker-Hannifin	91.3	31⅞–14⅞	31¼	17.83	1.8	1.41	22	1.04	3.3
456	138	Perkin-Elmer	90.9	37½–13⅛	26¼	11.93	2.2	1.10	24	0.50	1.9
457	582	Intl Minerals & Chem	90.8	66½–23½	45	38.12	1.2	3.17	14	2.60	5.8
458	364	Earle M Jorgensen	90.8	31¾–13⅞	28⅜	25.45	1.1	0.90	32	1.00	3.5
459	504	First Natl Supermkts	90.6	24 – 3¾	15¼	16.25	0.9	2.70	6	0.25	1.6
460	331	Southeast Banking	89.9	27⅞–12⅛	23½	24.50	1.0	3.14	7	1.08	4.6
461	871	Kellwood	89.8	43¼– 8⅛	25⅛	25.84	1.0	3.87	7	0.80	3.1
462	405	Interpublic Group	89.6	62 –25½	50¾	27.55	1.8	4.55	11	1.80	3.5
463	702	Owens-Illinois	89.5	37 –17⅜	33⅞	49.87	0.7	1.30	26	1.68	5.0
464	276	Stanley Works	89.3	27 –11¼	22	14.50	1.5	1.63	13	0.76	3.5
465	587	American Natl Ins	88.9	22⅛–10⅛	21¼	27.80	0.8	3.20	7	0.96	4.5
465	357	Gillette	88.9	51½–17⅜	48⅞	23.70	2.1	4.67	10	2.44	5.0
467	285	Tesoro Petroleum	88.5	32¼– 7¾	14⅛	23.67	0.6	3.05	5	0.40	2.8
467	560	USF&G	88.5	58⅞–30⅛	57½	48.57	1.2	5.70	10	3.84	6.7
469	428	Petrolane	88.3	26⅛– 7½	14⅛	9.83	1.4	–0.66	def	0.50	3.5
470	603	Interco	88.2	85 –35½	67⅞	62.36	1.1	5.73	12	2.88	4.3
471	346	Delta Air Lines	88.0	51 –15⅝	39¼	22.56	1.7	–1.51	def	0.60	1.5
472	538	General Signal	87.9	54¼–25	50½	28.66	1.8	2.94	17	1.68	3.3
473	851	Mountain Fuel Supply	87.4	34¼–12⅜	28	17.49	1.6	3.32	8	1.44	5.1
474	410	General Mills	87.3	57¾–19	55½	25.68	2.2	5.21	11	2.04	3.7
475	421	Bank of New York	87.2	33⅛–13½	31	34.58	0.9	5.60	6	1.84	5.9
476	256	Honeywell	87.1	134 –59½	130	94.31	1.4	9.99	13	3.60	2.8
477	946	Raymond Intl	86.4	36 – 9⅜	27½	24.46	1.1	2.41	11	none	0.0
478	241	Kemper	86.4	51⅜–19¼	37¾	48.81	0.8	4.64	8	1.80	4.8
479	802	Continental Group	86.1	52 –25⅛	50¼	51.38	1.0	4.88	10	2.60	5.2
480	595	Armstrong World Inds	86.1	33¾–12⅜	30	23.71	1.3	2.15	14	1.10	3.7
481	617	United Brands	84.8	27⅛– 6½	18¼	16.50	1.1	–9.50	def	none	0.0
482	250	Kaufman & Broad	84.7	25¼– 6½	16⅜	11.80	1.4	0.10	NM	0.40	2.4
483	803	Anchor Hocking	84.4	34½–13⅜	31½	31.01	1.0	–0.46	def	1.36	4.3
484	718	Gulf Resources & Chem	84.3	37⅞– 8⅛	16⅛	9.39	1.7	1.11	15	none	0.0
485	578	Walter E Heller Intl	84.1	34 –13⅜	30⅛	28.33	1.1	–1.12	def	NM	—
486	478	American Home Products	84.0	54¼–21⅜	51¾	11.19	4.6	3.88	13	2.40	4.6
486	468	Sterling Drug	84.0	29⅝–15¾	28¾	14.16	2.0	2.18	13	1.12	3.9
488	170	Trans World	83.6	36⅞– 9⅜	32⅛	28.44	1.1	–1.42	def	none	0.0
489	688	Alcoa	83.3	47¾–21⅞	43¾	38.60	1.1	–0.04	def	1.20	2.7
490	383	Winn-Dixie Stores	83.0	37⅜–14¼	32⅛	14.74	2.2	2.68	12	1.56	4.8
491	842	Easco	82.8	23⅛– 9⅛	20⅞	16.45	1.3	1.48	14	0.88	4.2
492	243	MCA	82.5	42⅛–18⅜	37⅛	21.44	1.8	3.36	11	0.88	2.3
493	619	Panhandle Eastern	82.5	52¼–20	36½	34.80	1.0	3.50	10	2.30	6.3
494	187	Seaway Food Town	82.5	14½– 6¼	13	16.54	0.8	1.58	8	0.68	5.2
495	407	W W Grainger	81.5	63¼–25	59	26.11	2.3	3.49	17	1.20	2.0
496	625	Square D	81.4	40 –17⅜	36½	17.32	2.1	2.16	17	1.84	5.0
497	306	Snap-On Tools	80.8	33 –16½	33	11.49	2.9	1.88	18	0.88	2.7
498	720	Gulf Oil	80.8	54½–23	42¼	57.27	0.7	5.33	8	3.00	7.1
499	541	Air Prods & Chems	80.4	54¼–23⅜	42⅜	30.97	1.4	3.55	12	1.00	2.3
500	550	FMC	80.4	47¼–21⅜	43¾	39.15	1.1	4.73	9	1.80	4.1
501	681	Harcourt Brace Jovan	80.3	29¼–12½	28⅜	18.24	1.6	2.78	10	1.00	3.5
502	611	Lincoln National	80.1	64⅜–32¼	64⅜	65.30	1.0	6.92	9	3.36	5.2
503	369	Johnson & Johnson	80.0	51½–21⅜	44¼	14.80	3.0	2.65	17	1.10	2.5
504	494	B F Goodrich	79.9	43⅞–16⅜	31¼	51.20	0.6	–0.82	def	1.56	5.0

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*NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
505	534	McDonnell Douglas	79.7%	62¾–20	59¾	$47.24	1.3	$6.38	9	$1.42	2.4%
506	638	Federated Dept Stores	79.7	69 –21¼	57½	43.44	1.3	6.34	9	2.20	3.8
507	800	Firestone	79.4	23 – 6⅛	21¾	25.10	0.9	1.82	12	0.60	2.8
508	637	First Wisconsin	79.4	24⅛– 9⅞	20⅛	29.37	0.7	3.77	5	1.10	5.3
509	656	Texas Eastern	79.0	89 –33⅛	60⅛	52.52	1.2	5.33	11	4.10	6.8
510	596	IC Industries	78.9	49 –17⅛	43⅜	63.21	0.7	2.89	15	2.36	5.4
511	476	Irving Bank	78.7	58 –28½	51⅜	78.14	0.7	9.60	5	3.52	6.9
512	294	Squibb	78.6	55⅜–24⅜	50	21.29	2.3	3.20	16	1.44	2.9
513	776	Williams Cos	78.3	49⅞–12⅜	26¼	34.58	0.8	0.83	32	1.20	4.5
514	354	Schlumberger	78.1	67⅛–27½	50	17.89	2.8	3.89	13	1.04	2.1
515	725	Interlake	77.7	45 –22⅜	40⅞	56.63	0.7	2.03	20	2.60	6.4
516	594	Blue Bell	77.7	40 –20⅛	36⅞	33.75	1.1	3.73	10	1.80	4.9
517	332	Ohio Casualty	77.6	56⅛–26¾	47½	43.76	1.1	5.39	9	2.52	5.3
518	721	Allegheny Power	77.4	27¾–12⅜	27½	22.64	1.2	3.49	8	2.60	9.5
519	398	Emerson Electric	77.2	67½–29⅜	63⅛	22.73	2.8	4.42	14	2.30	3.6
520	575	Cyclops	77.0	39 –13⅜	31⅛	47.28	0.7	–3.47	def	1.10	3.5
521	438	Dexter	76.7	29⅛–11	22	11.00	2.0	1.79	12	0.72	3.3
522	462	Chemical New York	76.6	56⅛–22⅛	44	61.08	0.7	8.49	5	3.24	7.4
523	784	Nash Finch	75.9	22 – 8	17	17.11	1.0	2.29	7	0.92	5.4
524	470	First Interstate Bancp	75.7	47 –23¼	42⅛	43.85	1.0	5.58	8	2.24	5.3
525	330	RepublicBank	75.5	38¼–17¼	34	31.23	1.1	5.24	6	1.64	4.8
526	474	Tyler	75.4	31½–10½	28½	16.91	1.7	1.64	17	0.65	2.3
527	516	Rollins	75.3	22½– 7⅞	16	8.57	1.9	0.16	NM	0.70	4.4
528	520	Gt Northern Nekoosa	75.3	36 –18½	35½	32.95	1.1	2.87	12	1.40	3.9
529	783	Consol Natural Gas	75.0	34⅛–18	33¼	28.75	1.2	4.38	8	2.00	6.0
530	514	W R Grace	74.9	63½–25⅝	45¼	45.43	1.0	3.21	14	2.80	6.2
531	378	Leaseway Transportation	74.7	47⅝–18¾	38⅞	22.66	1.7	2.77	14	1.50	3.9
532	347	Valero Energy	74.5‡	43⅞–10⅛	20½	16.93	1.2	2.32	9	0.44	2.1
533	481	Transamerica	74.4	31½–14⅝	29	26.71	1.1	3.35	9	1.56	5.4
534	646	Hoover Universal	73.7	26½–10½	25⅝	12.91	2.0	2.22	12	0.92	3.6
535	309	Consolidated Papers	73.6	48 –23¼	46	30.95	1.5	4.32	11	2.20	4.8
536	465	Standard Oil Indiana	73.5	99½–26¾	49⅛	39.11	1.3	6.24	8	2.80	5.7
537	181	Pacific Resources	72.9	15¾– 6⅜	10¾	7.19	1.5	0.55	19	none	0.0
538	733	Libbey-Owens-Ford	72.8	43⅞–19⅝	41¼	37.82	1.1	1.83	23	1.20	2.9
539	598	Transco Energy	72.3	64¼–19	35¾	32.09	1.1	4.62	8	1.92	5.4
540	355	Chesebrough-Pond's	72.2	47¼–19⅛	38¾	17.41	2.2	3.35	12	1.84	4.7
541	847	Southern Union	71.4	34⅛–13	22	21.33	1.0	2.15	10	1.64	7.5
542	423	Farmers Group	71.2	49⅛–21⅛	40⅞	24.08	1.7	3.95	10	1.36	3.3
543	473	United Technologies	71.1	76⅛–31¼	66½	51.69	1.3	7.60	9	2.60	3.9
544	614	Campbell Soup	71.0	60¼–25¼	58⅛	35.64	1.6	5.24	11	2.30	4.0
545	553	Intl Multifoods	70.8	36⅝–13¼	30¾	26.70	1.2	4.06	8	1.76	5.7
546	816	K mart	70.6	39¼–15⅛	38⅜	20.89	1.8	3.17	12	1.08	2.8
547	586	Tektronix	70.5	86¾–34	80¾	34.72	2.3	2.65	30	1.00	1.2
548	*	NIKE	70.2‡‡	28 – 8⅜	17⅞	6.46	2.8	1.55	12	none	0.0
549	278	Rohr Industries	70.2	33⅛– 8	28½	19.76	1.4	3.68	8	none	0.0
550	547	Palm Beach	69.9	36⅜–13	28⅞	22.43	1.3	3.07	9	1.20	4.2
551	554	American Standard	69.8	43¾–17	35⅛	22.18	1.6	1.88	19	1.60	4.6
552	502	Parker Pen	69.6	26 –10⅞	19½	8.14	2.4	–0.27	def	0.52	2.7
553	351	United Merch & Mfrs	69.5	14⅞– 3½	12½	19.34	0.6	–0.70	def	none	0.0
554	863	Fruehauf	69.4	48¼–15¼	44¼	38.85	1.1	–1.62	def	0.40	0.9
555	513	Amfac	69.1	35⅞–16⅝	28¾	31.77	0.9	–2.23	def	1.44	5.0
556	558	Harsco	69.0	25 –14	24½	20.36	1.2	1.44	17	1.20	4.9
557	695	Barnes Group	68.4	26⅛–11⅛	24	17.19	1.4	–1.49	def	0.60	2.5
558	527	Brooklyn Union Gas	67.8	33¼–18¾	31⅞	28.78	1.1	4.52	7	2.90	9.1
559	629	Wetterau	67.5	22¾– 9⅜	19½	13.58	1.4	1.98	10	0.80	4.1
560	399	Genuine Parts	67.4	48⅜–18¾	43⅜	16.10	2.7	2.83	15	1.38	3.2
561	711	Kellogg	67.4	31⅛–15⅝	30¾	11.57	2.7	3.19	10	1.68	5.5
562	781	Diversified Energies	67.3	36½–17⅛	32	29.97	1.1	4.49	7	2.40	7.5
563	475	Mobil	67.2	44⅞–17	29	36.30	0.8	3.29	9	2.00	6.9
564	456	Skyline	67.1	30¾– 8½	17⅛	10.40	1.6	0.71	24	0.48	2.8
565	395	Texas Instruments	67.0	176 –70½	133⅜	57.53	2.3	–7.56	def	2.00	1.5
566	477	Southwest Bancshares	66.8	33⅜–13¾	27¼	24.99	1.1	2.91	9	1.44	5.3
567	649	IBM	66.8	134⅛–48⅜	124½	33.13	3.8	8.48	15	3.80	3.1

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*Not ranked last year. ‡Three-year price change. ‡‡Four-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
568	726	Stanadyne	66.7%	46⅛–19¼	37½	$30.74	1.2	$ 3.52	11	$1.80	4.8%
569	602	Scott & Fetzer	66.2	49⅞–17¼	43	29.40	1.5	4.53	9	1.80	4.2
570	811	ACF Industries	65.9	52⅜–27½	51	45.68	1.1	0.11	NM	1.40	2.7
571	672	Johnson Controls	65.8	47½–17½	41⅞	27.21	1.5	4.17	10	1.66	4.0
572	404	American Motors	65.8	11¼– 2⅜	7⅞	2.06	3.8	–2.35	def	none	0.0
573	788	Transway Intl	65.7	36¾–19¼	35	28.10	1.2	2.01	17	1.80	5.1
574	425	Carpenter Technology	65.4	53 –24⅜	44¼	33.30	1.3	2.21	20	2.10	4.7
575	928	A O Smith	65.4	23¾– 4⅞	20⅛	26.35	0.8	0.57	35	0.05	0.2
576	841	Foodarama Supermkts	64.6	10⅜– 3	9⅞	16.35	0.6	0.62	16	none	0.0
577	772	Royal Crown Cos	64.5	29 –10⅜	24⅞	14.17	1.8	2.00	12	1.04	4.2
578	388	Longs Drug Stores	64.4	50⅛–22¼	44⅜	18.77	2.4	3.28	14	1.12	2.5
579	593	GTE	64.3	48⅜–23	46⅝	31.57	1.5	4.92	9	3.00	6.4
580	501	H F Ahmanson	64.1	40½– 8	29¾	30.00	1.0	3.77	8	1.20	4.0
580	671	Laclede Gas	64.1	30 –14⅞	29¾	31.44	0.9	3.85	8	3.00	10.1
582	443	Northwest Airlines	64.0	55½–20⅜	46¾	37.85	1.2	1.59	29	0.80	1.7
583	*	PSA	63.7	42½–10⅛	22¾	36.49	0.6	–4.52	def	0.60	2.6
584	393	Valley National	63.6	30¾–13⅛	24	24.37	1.0	2.90	8	1.16	4.8
585	293	Federal Paper Board	63.6	39¼–17¾	37⅜	25.52	1.5	1.09	35	1.20	3.2
586	557	Moore Corp	63.3	51½–25½	44½	25.18	1.8	3.41	13	2.00	4.5
587	323	St Paul Cos	63.2	70¾–31	54¼	61.43	0.9	7.60	7	2.80	5.2
588	463	Mellon National	63.1	56½–22	42	54.19	0.8	7.05	6	2.44	5.8
589	663	Wisconsin Public Svc	61.8	30½–13⅜	29⅛	23.72	1.2	3.93	7	2.32	8.0
590	526	Jack Eckerd	61.3	34⅞–12½	28⅜	15.17	1.9	1.91	15	0.96	3.4
591	345	Amer Broadcasting	61.1	69¾–25⅜	56⅜	37.87	1.5	5.18	11	1.60	2.8
592	298	NL Industries	61.0	48⅜–10	16½	18.63	0.9	–1.77	def	1.00	6.1
593	497	Olin	61.0	34 –12½	29⅜	34.06	0.9	2.36	12	1.32	4.5
594	654	Eastern Gas & Fuel	60.8	32½–14⅛	24⅛	23.00	1.0	1.77	14	1.30	5.4
595	249	Louisiana-Pacific	60.8	36½–13½	26	21.98	1.2	0.60	43	0.80	3.1
596	771	No States Power	60.6	40¾–18	37¾	31.23	1.2	5.47	7	2.96	7.8
597	580	Pacific Lighting	60.6	36 –17	34⅛	33.20	1.0	5.20	7	3.16	9.3
598	439	CPC International	60.4	44⅞–24⅛	39½	26.96	1.5	4.34	9	2.20	5.6
599	*	CSX	60.2‡‡	26 –12⅛	25½	26.70	1.0	1.09	23	1.04	4.1
600	569	Union Camp	60.0	81½–36¾	76⅛	46.79	1.6	5.01	15	3.00	3.9
601	496	Capital Holding	59.9	38¾–16	34⅜	30.56	1.1	4.29	8	1.40	4.1
602	590	Florida Power & Lt	59.3	41⅞–19⅞	41⅝	38.20	1.1	5.31	8	3.60	8.6
603	361	Marine Midland Banks	59.2	30¾–11¾	23⅞	46.01	0.5	4.92	5	1.40	5.9
604	392	Fluor	59.0	71 –10¾	17⅝	22.68	0.8	1.28	14	0.80	4.5
605	660	Joy Manufacturing	58.8	42⅞–17½	29⅜	26.74	1.1	0.15	NM	1.40	4.8
606	686	Potomac Elec Power	58.7	22 –10	21⅜	17.95	1.2	2.63	8	1.78	8.2
607	662	Kansas Power & Light	58.6	30½–14½	30⅛	25.10	1.2	4.13	7	2.56	8.5
607	716	Rainier Bancorp	58.6	38⅝–17⅜	38¼	37.53	1.0	4.55	8	1.60	4.2
609	796	Intl Tel & Tel	58.3	47¾–22⅜	42¾	41.16	1.0	4.17	10	2.76	6.5
610	643	Continental Telecom	58.3	25⅞–12⅝	22¾	16.68	1.4	2.38	10	1.64	7.2
611	628	Southern Calif Edison	58.3	42⅜–20	40¼	34.78	1.2	6.09	7	3.80	9.3
612	786	Adolph Coors	58.0	29⅛– 9½	19¾	22.37	0.9	2.42	8	0.40	2.0
613	840	Mead	57.8	37⅜–13½	36⅞	27.42	1.3	–0.70	def	1.00	2.7
614	591	Genl Tire & Rubber	57.6	38 –11⅜	35½	42.18	0.8	2.52	14	1.50	4.2
615	72	Gates Learjet	57.4	27¾– 6¼	12⅜	10.43	1.2	0.01	NM	0.15	1.2
616	433	Pennzoil	57.3	62½–20	32¼	22.98	1.4	2.97	11	2.20	6.8
617	*	H J Wilson	57.2	29½– 7⅜	17⅛	14.54	1.2	0.77	22	0.20	1.2
618	874	Occidental Petroleum	57.1	39⅛–17	24¼	25.04	1.0	–1.40	def	2.50	10.1
619	95	Resorts Intl	57.1	54⅞–12½	40¼	25.76	1.6	2.59	16	none	0.0
620	340	Entex	57.0	24¼–10⅛	20¼	13.48	1.5	2.50	8	1.20	5.9
621	391	Chase Manhattan	56.6	62¼–28⅝	46	81.42	0.6	10.73	4	3.50	7.6
622	584	Marsh & McLennan Cos	56.4	48⅜–26⅜	48	13.07	3.7	3.43	14	2.20	4.6
623	190	Idle Wild Foods	56.3	29½–10	25	32.19	0.8	2.42	10	0.80	3.2
623	*	MGM Grand Hotels	56.3‡‡	17⅜– 5½	12½	–0.46	NE	0.54	23	0.44	3.5
625	452	Ogden	55.8	39⅞–17½	30	27.74	1.1	2.82	11	1.80	6.0
626	775	Wisconsin Elec Power	55.8	28½–12¾	27	24.40	1.1	3.80	7	2.10	7.8
627	634	Tecumseh Products	55.8	105 –52	88	66.49	1.3	9.08	10	3.40	3.9
628	33	Warner Communications	55.7	63⅛–12⅛	21⅛	21.85	1.0	–5.87	def	1.00	4.7
629	571	General Foods	55.6	53½–23½	50	36.06	1.4	5.71	9	2.40	4.8
630	573	Centel	55.5	40⅜–21¼	37⅛	24.23	1.5	4.08	9	2.26	6.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. ‡‡Three-year price change. NE: negative equity. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
631	292	Datapoint	55.4%	67½–10⅞	27	$16.41	1.6	$0.65	42	none	0.0%
632	927	Graniteville	55.2	17¼– 8½	16⅞	20.07	0.8	–2.14	def	none	0.0
633	732	El Paso	54.1	30½–13⅝	23½	10.83	2.2	1.56	15	NM	–
634	503	Boise Cascade	53.7	48¼–19¾	41⅛	46.54	0.9	1.75	24	$1.90	4.6
635	626	Stewart-Warner	53.6	33 –13⅞	28¾	26.94	1.1	0.59	49	1.68	5.8
636	766	Penn Traffic	53.5	26½–11⅝	24⅜	23.63	1.0	3.07	8	1.20	4.9
637	492	Tidewater	53.5	54⅜–13⅜	22	19.88	1.1	1.88	12	0.90	4.1
638	483	J P Morgan	53.4	86⅛–39¾	69⅝	68.44	1.0	10.41	7	3.70	5.3
639	565	Northwest Industries	53.2	80½–24¾	41⅜	37.51	1.1	0.62	67	2.68	6.5
640	658	Exxon	53.2	44½–27⅛	37⅝	32.84	1.1	5.59	7	3.20	8.5
641	449	Business Men's Assur	53.1	40 –20½	37½	42.10	0.9	5.83	6	1.80	4.8
642	486	Atlantic Richfield	53.0	74⅜–28	43½	38.52	1.1	6.11	7	2.40	5.5
643	668	Wm Wrigley Jr	52.8	56¼–29	51⅜	31.65	1.6	5.06	10	2.49	4.8
644	627	Riegel Textile	52.7	29 –15¼	25	39.32	0.6	2.13	12	1.80	7.2
645	400	United Energy Resources	52.6	56 –16¼	25⅜	33.73	0.8	1.92	13	2.48	9.8
646	515	Northern Trust	52.2	64⅛–27¾	59¾	69.68	0.9	4.44	13	2.72	4.6
647	*	Dart & Kraft	51.7‡‡	77⅛–39⅜	66	50.66	1.3	7.90	8	3.84	5.8
648	929	Ford Motor	51.6	46⅜–10½	42⅜	33.61	1.3	4.69	9	1.20	2.8
649	689	Mercantile Bancorp	51.5	42¼–20½	38⅝	50.19	0.8	6.56	6	2.68	6.9
650	327	Computer Sciences	51.1	29¾–10½	17	10.24	1.7	1.13	15	none	0.0
651	430	Citicorp	51.1	46⅛–17	35½	37.85	0.9	6.48	5	1.88	5.3
652	561	McGraw-Edison	51.0	51 –20¾	37⅜	35.32	1.1	2.40	16	2.00	5.4
653	831	Scovill	50.7	32⅞–13⅞	26¾	16.95	1.6	2.19	12	1.52	5.7
654	495	Foxboro	50.6	47½–19½	32⅞	26.10	1.3	0.82	40	1.04	3.2
655	906	Amerace	50.0	32¼–14⅛	25⅞	33.13	0.8	–1.24	def	0.40	1.5
655	448	Fedl Natl Mortgage	50.0	30⅛– 6⅜	24⅜	17.61	1.4	0.90	27	0.16	0.7
655	856	Fieldcrest Mills	50.0	37¾–17⅛	37½	43.86	0.9	4.06	9	2.00	5.3
658	717	Texaco	49.7	54⅜–23⅜	35⅛	55.11	0.6	4.98	7	3.00	8.4
659	460	J P Stevens	49.6	26 –11⅞	18⅞	33.68	0.6	0.97	19	1.20	6.4
660	700	Black & Decker	49.6	26⅛–12	24⅞	10.70	2.3	1.02	24	0.52	2.1
661	615	Emhart	49.5	29¼–11⅝	27⅝	19.26	1.4	3.20	9	1.40	5.1
662	734	Kerr Glass Mfg	49.5	21¼– 8½	17¾	23.05	0.8	–5.43	def	0.44	2.5
663	696	Wisconsin Pwr & Lt	49.3	29½–14⅛	28⅜	22.77	1.2	3.76	8	2.40	8.5
664	714	Northeast Utilities	48.6	13⅞– 7⅜	13⅜	12.90	1.0	2.23	6	1.38	10.3
665	372	Cameron Iron Works	48.1	67 –13⅜	19½	18.02	1.1	–0.90	def	0.40	2.1
666	641	Ferro	47.8	39⅞–17	34	27.45	1.2	2.32	15	1.20	3.5
667	479	Standard Oil Calif	47.7	58¾–22⅛	34⅛	38.74	0.9	4.72	7	2.40	6.9
668	558	Quaker State Oil	47.6	23½– 9⅞	15½	12.01	1.3	1.58	10	0.80	5.2
669	508	Avco	47.5	36⅛–13⅞	33⅜	41.21	0.8	2.93	12	1.20	3.6
670	605	Dana	47.5	32 –11⅞	29	18.67	1.6	1.24	23	1.12	3.9
671	619	USLIFE	47.4	34 –14½	28	34.00	0.8	3.66	8	0.96	3.4
672	909	Del E Webb	47.0	25¼– 4⅞	18⅜	13.70	1.3	0.10	NM	none	0.0
673	616	Oneok	46.8	44⅞–17½	29	28.53	1.0	2.51	12	2.40	8.3
674	521	PepsiCo	46.8	50 –20	37⅝	17.68	2.1	2.60	14	1.62	4.3
675	622	Washington National	46.8	39⅝–12	22¼	28.69	0.8	2.10	11	1.08	4.7
676	753	First Bank System	46.6	61½–27½	54¼	61.51	0.9	8.57	6	2.80	5.2
677	740	San Diego Gas & Elec	46.6	22 – 9	21⅝	16.94	1.3	2.82	8	1.96	9.1
678	493	Merck	46.0	104⅝–58¾	98⅜	29.81	3.3	6.02	16	3.00	3.0
679	581	Echlin	45.7	24⅞–10	23⅛	10.36	2.2	1.50	15	0.64	2.8
680	683	Manufacturers National	45.5	40⅜–11¾	36¾	52.73	0.7	6.61	6	1.60	4.4
681	664	U S Bancorp	45.2	27¼–13½	24⅜	25.04	1.0	2.73	9	1.00	4.0
682	736	Beneficial Corp	44.8	35⅜–14⅝	33⅛	28.55	1.2	2.59	13	2.00	6.0
682	727	Cooper Industries	44.8	62 –19¼	35¾	26.31	1.4	0.98	36	1.52	4.3
684	753	Central Illinois Lt	44.4	22⅞–11¼	22⅜	20.08	1.1	2.96	8	2.06	9.2
685	857	Carter Hawley Hale	44.0	24¾–10½	22½	20.83	1.1	1.66	14	1.22	5.4
686	744	GAF	44.0	19¾– 7¾	16⅜	10.45	1.6	–0.16	def	none	0.0
687	450	Best Products	43.1	26½– 9¼	23⅛	13.51	1.7	1.72	14	0.24	1.0
688	797	Centerre Bancorp	42.8	29 –15⅞	24¾	37.80	0.7	2.75	9	1.80	7.3
689	387	Aetna Life & Casualty	42.7	48¼–25⅛	36⅞	41.98	0.9	3.99	9	2.64	7.2
690	703	Pacific Gas & Elec	42.7	16½– 9⅝	15⅞	15.83	1.0	2.22	7	1.60	10.1
691	*	MGM/UA Entertainment	42.7‡‡	22¼– 5	13⅜	5.96	2.2	0.78	17	0.20	1.5
692	690	Florida Progress	42.5	22¼–10⅞	22	18.69	1.2	2.63	8	2.04	9.3
693	777	International Paper	42.5	59⅝–30½	52	64.93	0.8	3.78	14	2.40	4.6

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*Not ranked last year. ‡‡Three-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
694	697	NBD Bancorp	42.3%	45 –19¾	40⅜	$61.93	0.7	$6.62	6	$2.20	5.4%
695	755	Texas Utilities	41.7	27⅜–14⅞	26¾	24.59	1.1	3.77	7	2.20	8.2
696	752	TECO Energy	41.4	25¾–13¼	24¾	21.12	1.2	3.17	8	2.04	8.2
697	853	General Motors	41.4	80 –33⅞	76	57.63	1.3	8.18	9	2.80	3.7
698	806	Colgate-Palmolive	41.4	25⅜–11	23½	15.97	1.5	2.42	10	1.28	5.4
699	155	Kay	41.2	28¼– 7⅝	13¼	8.58	1.5	0.26	51	0.20	1.5
700	652	Provident Life & Acc	41.1	66 –32½	63½	65.77	1.0	8.12	8	2.60	4.1
701	*	Orange & Rockland	41.0	21½–10⅝	20⅝	18.73	1.1	2.64	8	1.92	9.3
702	471	Eli Lilly	40.7	68¾–45⅛	67⅜	27.10	2.5	5.87	11	2.90	4.3
703	576	Weyerhaeuser	40.6	41¾–22½	34⅝	22.62	1.5	0.76	46	1.30	3.8
704	813	ARA Services	40.3	55 –23½	50½	44.25	1.1	4.51	11	2.05	4.1
705	728	Edison Bros Stores	39.7	46¾–20¼	40½	23.96	1.7	3.59	11	1.60	4.0
706	767	Delmarva Power & Lt	39.6	19⅝–10¼	18½	15.94	1.2	2.42	8	1.64	8.9
707	445	Norton	39.3	62 –22	35⅞	31.31	1.1	1.52	24	2.00	5.6
708	846	Coastal Corp	39.1‡	59½–14⅛	33⅜	23.48	1.4	3.90	9	0.40	1.2
708	769	Commonwealth Energy	39.1	23¾–11¾	22¼	21.05	1.1	4.03	6	2.12	9.5
710	763	Montana Power	38.9	36⅛–18	28⅛	27.50	1.0	4.00	7	2.68	9.5
711	742	Owens-Corning Fbrgls	38.7	46⅞–15⅝	36¾	23.67	1.6	2.31	16	1.20	3.3
712	678	Interstate Bakeries	38.5	15⅛– 4½	13½	8.87	1.5	–2.62	def	none	0.0
713	674	National Distillers	38.1	33⅜–18⅜	25⅜	31.02	0.8	1.37	19	2.20	8.7
714	645	Schering-Plough	38.0	48⅛–24⅞	40⅞	24.92	1.6	3.59	11	1.68	4.1
715	490	Copperweld	37.7	31¾–10½	16¾	19.89	0.8	–3.39	def	0.58	3.5
716	648	National Fuel Gas	37.3	37½–21¼	35⅞	48.77	0.7	4.99	7	3.44	9.6
717	774	First Security	37.2	27⅜–14⅛	25⅜	27.22	0.9	4.19	6	1.10	4.3
717	178	SmithKline Beckman	37.2	88⅜–38½	62¾	22.21	2.8	5.87	11	2.80	4.5
719	698	CBS	37.0	81¾–33⅜	69½	44.93	1.5	4.97	14	2.80	4.0
720	822	Beatrice Foods	36.8	32⅛–16¼	31⅛	20.45	1.5	3.12	10	1.60	5.1
721	770	Southwestern Pub Svc	36.7	19¾– 9½	18⅝	11.09	1.7	2.36	8	1.74	9.3
722	677	Wells Fargo	35.9	39¾–18¼	36⅞	46.61	0.8	5.83	6	2.16	5.9
723	512	Stewart & Stevenson	35.9	23⅜–10⅜	14½	19.19	0.8	1.33	11	0.20	1.4
724	455	Gt Western Financial	35.9	31½– 9½	24⅛	23.14	1.0	1.29	19	0.88	3.6
725	748	Anderson, Clayton	35.8	33⅜–18⅛	28	45.28	0.6	2.15	13	1.32	4.7
725	585	National Can	35.8	28¼–15⅜	25⅝	34.44	0.7	1.90	13	1.00	3.9
727	491	Stauffer Chemical	35.7	31⅜–14½	26⅜	24.61	1.1	–0.28	def	1.44	5.5
728	746	Washington Gas Light	35.5	43⅜–18⅛	31	31.79	1.0	4.20	7	2.88	9.3
729	746	Economics Laboratory	35.4	33¾–15⅞	29⅜	13.91	2.1	–1.08	def	1.04	3.5
730	374	Gifford-Hill	35.4	26⅞–10	18½	23.46	0.8	0.27	69	0.52	2.8
731	675	Norwest	35.3	39½–17	34	33.85	1.0	3.52	10	1.80	5.3
732	741	Baltimore Gas & Elec	34.9	34¼–18⅜	32⅞	32.24	1.0	4.63	7	3.00	9.1
733	499	Minn Mining & Mfg	34.9	90½–45⅞	85⅛	30.10	2.8	5.56	15	3.30	3.9
734	26	Caesars World	34.7	36⅛– 6⅜	11	5.33	2.1	–0.33	def	none	0.0
735	758	AmeriTrust	34.7	49½–23	42¾	64.97	0.7	6.22	7	2.88	6.7
736	912	Pennwalt	34.5	45⅜–21½	43⅞	35.38	1.2	2.20	20	2.20	5.0
737	676	Safeway Stores	34.2	30 –12⅛	27	21.76	1.2	3.16	9	1.50	5.6
738	849	Atlantic City Elec	34.0	25⅞–14⅞	24⅛	22.29	1.1	3.31	7	2.36	9.8
739	759	Bangor Punta	33.9	29⅛–10½	18¾	29.00	0.6	–9.11	def	0.80	4.3
740	778	Indianapolis Pwr & Lt	33.7	30½–17	29¾	25.42	1.2	4.16	7	2.76	9.3
741	809	Dow Chemical	33.7	39¼–19⅝	33¼	25.96	1.3	1.26	26	1.80	5.4
742	737	Jim Walter	33.6	47⅞–16	35¾	39.63	0.9	4.05	9	1.20	3.4
743	320	Federal Co	33.3	30¼–13	27½	24.04	1.1	2.97	9	1.44	5.2
744	891	American Can	33.1	48⅞–25¾	47¾	43.23	1.1	2.90	16	2.90	6.1
745	739	Utah Power & Light	32.9	25 –13	24¾	18.66	1.3	2.53	10	2.32	9.4
746	221	Boeing	32.4	48¼–15	42	29.12	1.4	3.60	12	1.40	3.3
747	469	CBI Industries	32.3	70⅞–22¾	31½	25.57	1.2	3.18	10	1.55	4.9
748	808	Textron	32.2	38½–17¼	33⅞	33.29	1.0	2.23	15	1.80	5.3
749	828	Kansas City Pwr & Lt	32.1	22½–12⅛	21¼	21.96	1.0	3.85	6	2.24	10.5
750	862	Kentucky Utilities	31.9	24 –14⅜	23¾	21.58	1.1	2.83	8	2.28	9.6
751	907	Emery Air Freight	31.8	25¼– 7	24⅜	4.77	5.1	1.15	21	0.50	2.1
752	*	Society	31.7	29½–14¼	27	38.52	0.7	4.76	6	1.60	5.9
753	805	Central Ill Pub Svc	31.7	17⅛– 9⅞	16⅝	14.31	1.2	2.21	8	1.52	9.1
754	797	Duke Power	31.6	26⅜–13¾	25½	24.85	1.0	3.62	7	2.36	9.3
755	899	Dayco	31.5	17⅜– 6¼	15⅜	22.25	0.7	0.39	39	0.16	1.0
756	482	Harris Corp	31.3	60¼–20⅜	37¾	20.12	1.9	1.76	21	0.88	2.3

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*Not ranked last year. ‡Four-year price change. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
757	810	RCA	31.1%	35⅜–15¾	34¼	$21.91	1.6	$ 1.83	19	$0.90	2.6%
758	485	Godfrey	30.9	17 – 8	11	16.82	0.7	1.02	11	0.72	6.5
759	785	Atlanta Gas Light	30.6	20½–12⅝	19¾	30.10	0.7	3.11	6	2.00	10.1
760	640	Corning Glass Works	30.5	90¼–39¼	69½	47.95	1.4	4.64	15	2.32	3.3
761	915	CertainTeed	30.5	25¾–10	20⅞	18.06	1.2	1.48	14	none	0.0
762	322	NVF	30.5	7 – 1⅛	2	1.70	1.2	–0.98	def	none	0.0
763	761	Jefferson-Pilot	29.8	39¾–22⅛	39¼	42.90	0.9	4.24	9	1.76	4.5
763	735	Tenneco	29.8	58⅜–22⅞	39¼	39.45	1.0	5.16	8	2.80	7.1
765	545	Ramada Inns	29.7	14⅛– 4¼	10⅜	5.12	2.0	–0.20	def	none	0.0
766	464	Cessna Aircraft	29.7	36½–11¾	23	16.37	1.3	–0.96	def	0.40	1.7
767	500	Willamette Inds	29.5	47⅛–16¼	35¼	26.27	1.3	1.45	24	1.50	4.3
768	939	United States Steel	29.4	35¼–16	27½	53.50	0.5	–5.99	def	1.00	3.6
769	764	Central & South West	29.3	20¾–11¼	19⅞	19.01	1.0	2.98	7	1.78	9.0
770	782	GATX	29.2	46 –20½	31	39.76	0.8	1.72	18	1.20	3.9
771	*	Iowa-Illinois G & E	29.0	26¾–14⅜	25	23.99	1.0	4.40	6	2.48	9.9
772	255	Digital Equipment	28.9	132⅛–48¾	69⅛	62.84	1.1	4.26	16	none	0.0
773	604	Procter & Gamble	28.8	63¼–31½	57¼	27.75	2.1	5.31	11	2.40	4.2
774	797	Niagara Mohawk Power	28.6	18½–10	18	17.67	1.0	2.75	7	1.92	10.7
775	745	Columbia Gas System	28.4	47 –25¼	32¾	40.73	0.8	4.41	7	3.02	9.2
776	665	United Telecom	27.3	25 –14	23⅞	17.92	1.3	2.63	9	1.84	7.7
777	644	Coca-Cola	26.8	57⅜–28⅞	55⅜	20.47	2.7	4.08	14	2.68	4.8
778	709	Crown Cork & Seal	26.7	38¾–22¾	38	40.03	0.9	3.18	12	none	0.0
779	795	Pub Svc Elec & Gas	26.5	26⅛–15½	25⅝	26.39	1.0	3.44	7	2.64	10.3
780	454	Hughes Tool	26.3	48⅝–13⅞	19⅝	22.56	0.9	–0.22	def	0.84	4.3
781	172	Borman's	25.9	13¼– 2	8½	14.45	0.6	0.11	NM	none	0.0
782	861	Equitable of Iowa	25.3	28¼–13½	24¼	33.45	0.7	2.96	8	1.28	5.2
783	864	Southern Company	25.2	17¾–10¼	16¼	16.77	1.0	2.36	7	1.80	10.7
784	653	Kerr-McGee	25.1	46½–22½	29⅞	31.69	0.9	3.30	9	1.10	3.7
785	817	E I du Pont	25.0	56 –30	52½	44.87	1.2	4.12	13	2.80	5.3
785	712	Hawaiian Electric	25.0	33⅞–18¼	32½	36.93	0.9	3.05	11	3.12	9.6
787	459	Walt Disney	24.6	84¼–33	50	37.59	1.3	2.70	19	1.20	2.4
788	830	Gulf States Utils	24.5	16¼– 9	14⅝	15.05	1.0	2.40	6	1.64	11.2
789	694	Intl Flavors & Frag	24.3	35¾–16⅝	29⅜	9.19	3.2	1.81	16	1.04	3.5
790	551	Big Three Industries	23.9	38 –15½	19⅝	14.37	1.4	1.20	16	0.72	3.7
790	768	Sybron	23.9	29¼–12	22	22.30	1.0	–3.40	def	1.08	4.9
792	713	Holly Corp	23.7	19⅜– 4⅞	9⅛	8.50	1.1	0.80	11	0.24	2.6
793	633	Briggs & Stratton	23.7	37⅛–20¾	31⅛	18.05	1.7	1.57	20	1.58	5.0
794	375	Eastman Kodak	23.5	98⅛–42⅞	72⅛	45.52	1.6	5.32	14	3.55	4.9
795	827	Oklahoma Gas & Elec	23.1	21⅝–11½	20⅝	17.08	1.2	2.63	8	1.84	8.9
796	659	First Chicago	23.0	28 –10¾	23⅜	33.55	0.7	3.88	6	1.32	5.6
797	639	Lucky Stores	22.9	25¼–12¼	18⅛	10.50	1.7	2.22	8	1.16	6.4
798	524	Becton, Dickinson	22.8	54½–22	38⅜	27.72	1.4	1.71	22	1.15	3.0
799	794	Pacific Pwr & Lt	22.8	25⅜–16	24¼	22.23	1.1	3.41	7	2.16	8.9
800	710	Central Soya	22.6	21⅜– 8⅜	15⅝	20.34	0.8	1.68	9	0.84	5.4
801	529	Lone Star Industries	22.5	38⅜–18⅛	25⅞	36.67	0.7	–2.52	def	1.90	7.3
802	715	Crane	22.3	44⅞–17⅜	28⅜	37.07	0.8	–2.35	def	1.60	5.6
803	904	American Bakeries	22.1	20⅝– 8	13⅞	12.68	1.1	–2.66	def	none	0.0
804	587	Universal Foods	21.9	31 – 9⅞	24⅜	14.88	1.6	2.91	8	1.04	4.3
805	866	Bethlehem Steel	21.7	32 –14½	23⅞	28.31	0.8	–13.41	def	0.60	2.5
806	655	Potlatch	21.5	49⅛–19	36	34.22	1.1	1.78	20	1.48	4.1
807	506	Acme-Cleveland	21.3	35⅝–15⅝	22¾	27.56	0.8	–7.39	def	0.40	1.8
808	624	California First Bnk	21.2	17¾–11½	16⅝	23.10	0.7	1.87	9	1.08	6.5
809	729	Warner-Lambert	21.1	35 –17	28¾	14.37	2.0	2.43	12	1.48	5.1
810	724	Kaneb Services	21.0	40⅛–11¾	15⅞	13.39	1.2	2.17	7	1.04	6.6
811	760	N Y State Elec & Gas	20.7	22⅞–13⅛	20⅛	21.82	0.9	3.11	7	2.32	11.4
812	989	St Regis	19.9	42⅛–17½	33⅞	41.09	0.8	–0.56	def	1.12	3.3
813	903	Data General	19.8	43⅞–10¾	36⅝	19.56	1.9	0.96	38	none	0.0
814	599	Upjohn	19.7	69 –38	58½	32.19	1.8	4.99	12	2.28	3.9
815	630	Crocker National	19.5	42 –20¾	29½	59.16	0.5	3.11	9	2.40	8.2
816	631	Manufacturers Hanover	19.4	51 –26	38½	59.34	0.6	8.29	5	3.04	7.9
817	801	Moore McCormack Res	19.4	39⅞–11⅝	23⅜	40.07	0.6	0.69	34	1.04	4.4
818	673	Keystone Consolidated	19.2	20¼– 7¼	11⅝	36.09	0.3	–12.13	def	none	0.0
819	807	Houston Industries	19.2	24¼–16½	21¾	22.89	1.0	3.59	6	2.32	10.7

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
820	944	Pan Am World Airways	18.9%	8⅞– 2⅛	7⅞	$4.11	1.9	$–3.40	def	none	0.0%
821	821	Boston Edison	18.9	28¾–18⅝	28⅛	31.39	0.9	3.82	7	$2.88	10.1
822	791	Pac Gamble Robinson	18.4	24⅛–15¼	22¼	28.82	0.8	1.80	12	1.60	7.2
823	793	So Carolina E & G	18.4	21¼–12	20⅛	18.09	1.1	2.38	8	2.00	9.9
824	509	Di Giorgio	18.2	15⅞– 7	13	17.51	0.7	0.95	14	0.64	4.9
824	926	Diamond Shamrock	18.2	39⅛–16½	22¾	22.14	1.0	1.64	14	1.76	7.7
824	844	Penn Power & Light	18.2	24½–14⅛	22¾	24.73	0.9	3.11	7	2.40	10.5
827	316	Baker International	18.1	53½–15½	18¾	16.98	1.1	–0.91	def	0.92	4.9
828	790	Timken	17.8	78 –40⅛	58⅜	69.86	0.8	–2.51	def	1.80	3.1
829	878	Louisville Gas & Elec	17.1	24⅛–14½	24	22.14	1.1	2.77	9	2.36	9.8
830	896	Eagle-Picher Inds	16.7	25⅝– 9⅝	24½	22.60	1.1	1.24	20	0.96	3.9
831	531	Cook United	16.4	9¾– 2⅛	3⅝	10.16	0.4	–1.12	def	none	0.0
832	780	Continental Corp	16.3	38 –20⅝	28½	38.43	0.7	0.74	39	2.60	9.1
833	837	Halliburton	16.3	86⅛–21	38⅜	29.49	1.3	2.80	14	1.80	4.7
834	722	Comerica	16.2	30¾–17⅞	28½	40.01	0.7	4.31	7	2.00	7.0
835	704	Phelps Dodge	16.1	48½–18¼	24⅜	45.00	0.5	–1.91	def	none	0.0
836	647	Gould	15.8	43⅜–19¼	30¼	20.31	1.5	1.67	18	1.72	5.7
837	887	Detroit Edison	15.7	16 –10	15⅝	16.49	0.9	2.14	7	1.68	10.8
838	682	Petrie Stores	15.5	40 –15½	31	12.37	2.5	2.05	15	1.40	4.5
839	921	Republic Steel	15.4	32⅛–13⅜	26¼	86.70	0.3	–15.49	def	0.50	1.9
840	708	Champion Intl	15.3	28⅞–11¾	24½	28.43	0.9	0.98	25	0.40	1.6
841	892	Reynolds Metals	14.9	41⅜–18¾	37½	63.67	0.6	–6.88	def	1.00	2.7
842	568	Gibraltar Financial	14.6	16⅝– 2¾	11¾	8.33	1.4	1.75	7	none	0.0
843	937	McDermott Intl	14.6	46⅝–14¾	24½	33.13	0.7	2.44	10	1.80	7.3
844	858	Carolina Pwr & Lt	14.5	24¾–14⅞	24⅝	24.74	1.0	3.20	8	2.52	10.2
845	819	Midland-Ross	14.3	30½–11¾	19	21.76	0.9	–1.07	def	1.00	5.3
846	895	Crown Zellerbach	13.8	62¾–15¼	35⅛	35.36	1.0	0.98	36	1.00	2.8
847	583	UAL	13.3	41⅝–13½	33	37.57	0.9	0.75	44	none	0.0
848	815	Dominion Resources	13.1	23⅞–13¾	23¾	27.33	0.9	3.04	8	2.56	10.8
849	*	Dr Pepper	12.9	19¼– 9½	16⅝	6.61	2.5	0.39	42	0.84	5.1
850	814	BancOhio	12.9	23 –11¾	21½	40.76	0.5	1.95	11	1.00	4.7
851	885	Cross & Trecker	12.6‡	41¾– 9½	24⅞	17.40	1.4	0.30	NM	0.80	3.2
852	869	Cleveland Elec Illum	12.6	23 –13½	19	19.86	1.0	3.15	6	2.40	12.6
853	949	UMC Industries	12.3	18½– 7⅜	16	16.98	0.9	0.36	44	0.60	3.8
854	855	WICOR	12.3	25⅜–15¼	21¾	25.60	0.8	2.29	9	2.14	9.8
855	845	United Illuminating	12.1	29 –17	25½	29.90	0.9	5.58	5	3.08	12.1
856	875	Duquesne Light	11.9	19 –11⅜	16½	16.36	1.0	2.02	8	2.00	12.1
857	171	Frontier Holdings	11.8	30½– 7	13½	18.39	0.7	–2.08	def	0.20	1.5
858	572	Fisher Foods	11.3	15½– 5⅜	9⅞	14.60	0.7	0.49	20	none	0.0
859	818	Union Electric	10.3	16⅛– 9¾	14¾	15.62	0.9	2.68	6	1.72	11.7
860	820	Rochester Gas & Elec	10.2	18⅞–10	17⅝	20.79	0.8	3.09	6	1.84	10.4
861	749	AMF	9.7	28½–11½	17	18.09	0.9	–0.60	def	0.50	2.9
862	731	Arizona Public Service	9.2	26½–14⅝	22¼	22.75	1.0	3.42	7	2.60	11.7
863	564	Ampco-Pittsburgh	9.0	26¾–10⅛	12⅞	21.98	0.6	–1.22	def	0.30	2.3
864	932	Nashua	8.9	34¾– 8½	24⅜	19.91	1.2	–2.17	def	none	0.0
865	812	UGI	8.8	36⅛–17	18⅜	27.76	0.7	0.32	58	2.04	11.0
866	873	Commonwealth Edison	8.7	29⅛–16⅛	28	26.42	1.1	4.40	6	3.00	10.7
866	679	Lubrizol	8.7	41⅜–14¼	24⅞	11.79	2.1	1.49	17	1.08	4.3
868	548	First City Bancorp	8.7	41¼–15⅜	18	24.31	0.7	2.41	7	1.30	7.2
869	839	Kaiser Alum & Chem	8.6	30¼–11⅛	19	30.81	0.6	–4.93	def	0.60	3.2
870	765	Longview Fibre	8.3	40 –14½	26	17.62	1.5	0.81	32	1.20	4.6
871	872	Public Service Colo	8.2	19 –11⅛	18⅛	16.52	1.1	1.93	9	1.84	10.2
872	848	Gas Service	6.9	16⅛– 9¼	15½	19.11	0.8	0.68	23	NM	–
873	424	Gelco	6.5	37 –14½	19⅞	18.55	1.1	–2.38	def	0.56	2.8
874	826	Dresser Industries	6.1	57 –12¼	19⅝	25.35	0.8	0.03	NM	0.80	4.1
875	669	Deere	5.8	49¼–22	36⅜	35.29	1.0	–0.33	def	1.00	2.7
876	859	National City	5.7	46 –23⅜	42	51.92	0.8	6.15	7	2.75	6.5
877	282	Milton Bradley	5.6	50½–14½	21¼	26.32	0.8	0.52	41	1.20	5.6
878	757	Phillips Petroleum	5.5	62⅛–23½	33⅜	37.70	0.9	4.11	8	2.20	6.6
879	838	NICOR	5.2	45½–24¾	27¾	33.50	0.8	1.01	27	3.04	11.0
880	843	Middle South Utils	5.0	16⅞–10¼	15¾	18.05	0.9	2.35	7	1.74	11.0
881	893	Am Natural Resources	4.8†	44 –25¼	40¾	38.87	1.0	6.93	6	3.16	7.8
882	881	Michigan National	4.6	20¼– 9¾	16½	30.24	0.5	2.49	7	1.20	7.3

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. ‡Four-year price range. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
883	867	Champion Spark Plug	3.9%	13¾– 6⅞	10	$ 9.42	1.1	$ 0.55	18	$0.40	4.0%
884	606	Athlone Industries	3.9	30 –14⅝	20¼	22.22	0.9	–1.47	def	1.60	7.9
885	942	Talley Industries	3.3	12⅝– 3⅜	11¾	11.40	1.0	0.87	14	none	0.0
886	886	Georgia-Pacific	3.1	34⅞–13¼	25	20.39	1.2	0.40	63	0.60	2.4
887	789	American Tel & Tel	2.9	70¼–45	62¼	68.92	0.9	7.05	9	5.40	8.7
888	852	Brockway Inc (NY)	2.3	19½–12½	16⅝	29.48	0.6	1.32	13	1.32	7.9
889	901	DEKALB AgResearch	2.1	60¼–12¼	24¼	30.28	0.8	1.07	23	0.72	3.0
890	877	Phila Electric	1.6	18⅜–11⅛	15¾	17.93	0.9	2.47	6	2.12	13.5
891	940	Castle & Cooke	0.9	18⅛– 6⅞	16	14.22	1.1	0.42	38	none	0.0
892	954	National Intergroup	0.4	35½–13⅞	29⅛	54.03	0.5	–10.37	def	0.25	0.9
893	472	InterFirst	0.4	32⅜–15⅝	16⅝	20.45	0.8	–1.17	def	1.20	7.2
894	909	Ohio Edison	0.0	17½–10¼	14⅞	15.48	1.0	2.07	7	1.80	12.1
894	706	Southwest Forest Inds	0.0	28⅞– 7¼	13½	23.63	0.6	–2.36	def	none	0.0
894	222	Tosco	0.0	45⅛– 4½	6	14.98	0.4	–13.30	def	none	0.0
897	923	Ingersoll-Rand	–0.5	80 –35½	48¼	57.13	0.8	–1.55	def	2.60	5.4
898	102	Bally Manufacturing	–0.9	48⅝–17⅛	20⅛	18.62	1.1	1.01	20	0.20	1.0
899	950	Colonial Penn Group	–1.5	27½–11¼	24½	20.18	1.2	2.68	9	1.40	5.7
900	952	General Refractories	–2.0	14 – 2⅜	6½	4.85	1.3	–2.67	def	none	0.0
901	869	Sperry	–2.2	65⅝–20½	43⅜	52.68	0.8	3.20	14	1.92	4.4
902	925	Bucyrus-Erie	–2.4	27½–10¼	15¼	19.65	0.8	–3.43	def	0.44	2.9
903	955	National-Standard	–2.5	21⅜– 7⅛	14⅜	22.32	0.6	–0.23	def	none	0.0
904	893	Ideal Basic Inds	–3.4	36¼–11¾	21⅛	25.72	0.8	0.92	23	none	0.0
905	804	Amsted Industries	–3.5	49 –18⅝	34⅛	34.32	1.0	–0.35	def	0.80	2.3
906	47	Storage Technology	–4.1	40⅜–11⅞	14¾	15.92	0.9	0.09	NM	none	0.0
907	933	Rexnord	–4.7	20¼– 8½	15⅜	17.90	0.9	0.43	36	0.40	2.6
908	919	Amer Hoist & Derrick	–5.2	26½– 8¾	13⅜	26.61	0.5	–5.13	def	none	0.0
909	888	Clark Equipment	–5.5	45 –18	34⅜	33.41	1.0	1.04	33	1.10	3.2
910	934	No Indiana Pub Svc	–5.6	16⅞–10	14⅞	15.25	1.0	1.60	9	1.50	10.1
911	833	Dayton Power & Light	–6.0	19⅛–11⅛	13¾	18.35	0.7	2.62	5	2.00	14.5
912	914	Research-Cottrell	–6.3	21⅛– 9¾	15	23.16	0.6	0.97	15	0.32	2.1
913	962	Revere Copper	–7.6	25⅜– 4¾	12¼	5.56	2.2	–4.36	def	none	0.0
914	918	Koppers	–8.7	35¼–11¼	18⅜	20.28	0.9	0.11	NM	0.80	4.4
915	965	Westmoreland Coal	–9.4	37½–13½	24	25.48	0.9	1.14	21	0.40	1.7
916	691	Parker Drilling	–10.3	36¾– 7⅛	9⅛	13.26	0.7	–0.89	def	0.16	1.8
917	880	Illinois Power	–11.0	24⅛–15¾	20¼	21.53	0.9	3.55	6	2.48	12.2
918	900	Toledo Edison	–12.1	22½–15	19	23.32	0.8	3.39	6	2.44	12.8
919	829	Armco	–12.6	41⅜–14½	17⅜	29.25	0.6	–10.53	def	0.40	2.3
920	941	Pittston	–13.0	34¾–11⅞	15⅛	16.34	0.9	–0.36	def	0.20	1.3
921	882	Xerox	–13.2	71¾–27⅛	46¼	43.96	1.1	4.41	10	3.00	6.5
922	517	Ashland Oil	–14.1	45¾–20½	29	38.97	0.7	2.23	13	1.60	5.5
923	661	Butler Manufacturing	–14.3	30¼–18½	25½	30.42	0.8	–0.39	def	1.32	5.2
924	920	American Elec Power	–14.8	23½–15¼	18	19.98	0.9	2.13	8	2.26	12.6
925	896	Portland Genl Elec	–14.9	18⅜–10¾	14¼	18.55	0.8	2.37	6	1.78	12.5
926	835	Long Island Lighting	–15.2	18¼–13½	14⅝	18.65	0.8	2.80	5	2.02	13.8
927	*	Puget Sound Pwr & Lt	–15.7	17½–11	14½	17.35	0.8	1.76	8	1.76	12.5
928	953	Inco	–16.7	33¼– 7⅛	13⅛	12.76	1.0	–2.98	def	0.20	1.5
929	533	Smith International	–16.9	70¼–18	19⅜	29.36	0.7	–4.14	def	0.96	5.0
930	943	MAPCO	–18.2	51⅞–20½	23⅜	21.06	1.1	1.90	12	1.00	4.2
931	119	Mattel	–18.3	31½– 5¼	6⅛	11.76	0.5	–9.53	def	none	0.0
932	890	Liquid Air	–18.7	34½–14¾	21¾	21.79	1.0	1.80	12	1.60	7.4
933	876	Northwestern Steel	–18.9	29¼–14⅞	23⅛	30.25	0.8	–2.68	def	none	0.0
934	883	Continental Illinois	–19.1	42¾–15⅛	21⅛	42.81	0.5	2.91	7	2.00	9.5
935	693	Amdahl	–19.3	29⅞– 7⅝	19⅜	7.71	2.5	0.65	30	0.20	1.0
936	911	Lukens	–19.8	17½– 8¾	12⅝	26.99	0.5	–2.61	def	0.40	3.2
937	938	Inland Steel	–20.7	40⅜–18⅛	27¾	52.19	0.5	–4.84	def	0.50	1.8
938	957	Evans Products	–22.5	24⅛– 4½	12½	15.56	0.8	–4.23	def	none	0.0
939	854	Public Service Indiana	–22.8	27½–17½	19	26.10	0.7	4.21	5	2.88	15.2
940	905	Consumers Power	–22.9	23⅝–15⅜	17¼	26.87	0.6	3.02	6	2.52	14.6
941	773	BankAmerica	–25.2	30⅞–15⅝	19¼	28.96	0.7	2.22	9	1.52	7.9
942	836	Alexander & Alexander	–26.4	38 –18⅝	20¼	10.61	1.9	–0.13	def	1.00	4.9
943	825	AMAX	–26.5	69 –17½	23⅞	32.45	0.7	–4.50	def	0.20	0.8
944	246	Oak Industries	–26.7	38½– 4⅝	6	15.20	0.4	–6.15	def	none	0.0
945	908	Caterpillar Tractor	–27.2	73¼–33⅛	42¼	38.28	1.1	–5.96	def	1.50	3.5

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
946	931	Chromalloy American	-28.2%	28¼– 7½	11⅛	$17.60	0.6	$–1.33	def	none	0.0%
947	959	Hanna Mining	-28.8	44⅜–16½	21⅝	38.70	0.6	–3.57	def	$0.40	1.8
948	935	Dravo	-29.6	33⅛– 9¼	13¼	17.82	0.7	–2.10	def	0.50	3.8
949	686	Eastern Air Lines	-30.9	13⅛– 3⅞	5⅞	9.59	0.6	–7.17	def	none	0.0
950	779	Polaroid	-30.9	56 –16¾	35¾	29.16	1.2	1.09	33	1.00	2.8
951	924	Bird	-34.0	22⅞– 4⅜	12	13.12	0.9	–0.94	def	none	0.0
952	945	Burroughs	-35.3	87½–27⅛	47⅛	48.36	1.0	4.35	11	2.60	5.5
953	930	Revlon	-35.3	54⅞–22⅞	33¼	29.05	1.1	2.20	15	1.84	5.5
954	917	Cincinnati G & E	-36.3	21⅛–12⅜	12¾	19.70	0.6	2.99	4	2.16	16.9
955	947	Chic Pneumatic Tool	-38.1	29⅛–10⅞	15	27.93	0.5	–4.37	def	none	0.0
956	973	Massey-Ferguson	-40.0	13⅜– 1⅝	5⅛	–1.94	NE	–9.35	def	none	0.0
957	*	Apple Computer	-42.1‡‡	63¼–10¾	19¾	4.50	4.4	1.28	15	none	0.0
958	743	Toro	-45.4	29⅜– 5⅜	10⅜	8.01	1.3	0.11	NM	none	0.0
959	963	Allis-Chalmers	-45.7	38⅜– 6¼	15¾	28.45	0.6	–20.09	def	none	0.0
960	635	Republic Airlines	-47.4	11⅜– 2⅞	3¾	1.27	3.0	–7.04	def	none	0.0
961	960	Harnischfeger	-48.0	26 – 5⅛	8¼	13.57	0.6	–9.26	def	none	0.0
962	951	Western Air Lines	-48.5	12 – 3⅜	4⅛	4.69	0.9	–7.88	def	none	0.0
963	970	Manville	-49.2	27¾– 4⅛	11½	31.38	0.4	2.94	4	none	0.0
964	966	First Pennsylvania	-51.9	15 – 2⅜	6⅜	11.81	0.5	–1.14	def	none	0.0
965	948	Avon Products	-54.7	56 –19⅛	23	16.40	1.4	2.45	9	2.00	8.7
966	961	Pettibone	-55.7	29¼– 7¼	7¾	17.02	0.5	–18.63	def	none	0.0
967	967	Wickes Cos	-55.9	18 – 2	5¼	–15.42	NE	–0.92	def	none	0.0
968	958	Savin	-56.4	19¾– 4⅜	5½	4.80	1.1	–1.97	def	none	0.0
969	487	Texas Air	-56.8	15¼– 4	5⅛	4.15	1.2	–11.88	def	none	0.0
970	967	General Public Utils	-58.6	18⅞– 3⅜	7¼	23.45	0.3	0.76	10	none	0.0
971	936	Marion	-59.3	15⅜– 1	1¾	2.19	0.5	–1.36	def	none	0.0
972	972	Intl Harvester	-63.5	45½– 2¾	13¼	–18.60	NE	–23.00	def	none	0.0
973	865	HRT Industries	-65.3	11¾– 2¼	2⅞	4.84	0.6	–4.25	def	none	0.0
974	28	Baldwin-United	-73.2	50⅜– 2⅛	2¾	17.61	0.2	–28.80	def	none	0.0
975	964	Rath Packing	-76.5	8¼– ½	½	5.64	0.1	–3.18	def	none	0.0
976	971	AM International	-80.8	25 – ¾	4⅛	–7.76	NE	0.29	14	none	0.0
977	956	Tiger International	-81.5	28¾– 4¼	4½	16.72	0.3	–14.35	def	none	0.0
**	*	American President		28⅛–18¼	27⅜	NA	–	1.09	25	none	0.0
**	*	Big Bear		15 –10½	11¾	4.43	2.7	1.59	7	none	0.0
**	*	Bruno's		21 – 5⅜	14½	3.90	3.7	0.92	16	0.24	1.7
**	*	Calif Federal S&L		30⅛–20	23⅜	NA	–	4.44	5	none	0.0
**	*	CIGNA		55⅛–31	43	62.59	0.7	5.85	7	2.48	5.8
**	*	Engelhard		44¾–17	36½	15.32	2.4	2.61	14	0.64	1.8
**	*	L B Foster		17½– 4	6⅜	7.87	0.8	–1.30	def	0.10	1.6
**	*	Geo International		46½– 7½	8¾	13.13	0.7	–3.15	def	none	0.0
**	*	Glendale Federal S&L		13⅝– 9⅝	11¼	NA	–	2.03	6	none	0.0
**	*	Gulfstream Aerospace		23½–14¾	17⅜	2.43	7.2	1.64	11	none	0.0
**	*	Home Federal S&L-Cal		25⅜–13⅞	14⅞	NA	—	0.99	15	none	0.0
**	*	Imperial Corp of Am		17⅜– 4¾	10⅜	15.30	0.7	–2.31	def	none	0.0
**	756	Louisiana Land		30⅛–23½	27¼	22.07	1.2	2.64	10	1.00	3.7
**	*	Mack Trucks		19½–15¼	19⅛	14.78	1.3	–1.18	def	none	0.0
**	*	Masonite		59 –17⅜	45½	37.29	1.2	3.67	12	1.32	2.9
**	*	McLean Industries		11 – 9⅞	10⅝	5.47	1.9	1.04	10	none	0.0
**	*	MidCon		39¼–19⅛	35⅜	33.91	1.0	4.11	9	2.16	6.1
**	*	Nabisco Brands		44⅜–25⅛	42⅞	26.22	1.6	4.84	9	2.28	5.3
**	*	Norfolk Southern		70⅝–40¼	64¾	55.44	1.2	4.70	14	2.80	4.3
**	*	Pabst Brewing		16⅛– 7¼	7¾	NA	–	NA	–	none	0.0
**	*	Peabody Intl		15¼– 4⅜	12¼	11.50	1.1	0.71	17	0.20	1.6
**	*	Peoples Energy		10⅞– 7	9⅜	10.71	0.9	1.25	8	1.00	10.4
**	*	Phibro-Salomon		41 –10⅛	30¾	12.85	2.4	3.22	10	0.54	1.8
**	*	PNC Financial		46⅛–31½	39⅛	32.96	1.2	5.53	7	2.12	5.4
**	*	Primark		39½–21	37½	53.68	0.7	2.82	13	2.40	6.4
**	*	Richardson-Vicks		34⅜–20½	29¼	19.81	1.5	2.11	14	1.48	5.1
**	*	RLC		12⅛– 3⅞	10¼	5.06	2.0	0.34	30	0.20	2.0
**	*	Student Loan Mktg		27 –20⅝	27	2.95	9.2	1.28	21	0.11	0.4
**	*	Swift Independent		37¾– 8¼	31⅛	19.41	1.6	4.29	7	1.04	3.3
**	*	Tribune		31⅝–27¾	31¼	16.63	1.9	1.71	18	0.72	2.3
**	*	Wilson Foods		15 – 4⅛	7⅞	14.26	0.6	–7.31	def	none	0.0

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.
*Not ranked last year. **Not ranked due to merger, spinoff, new issue or conversion to stock company. ‡‡Three-year price change. NA: not available. NM: not meaningful. NE: negative equity. def: deficit.

JANUARY 16, 1984 THREE DOLLARS

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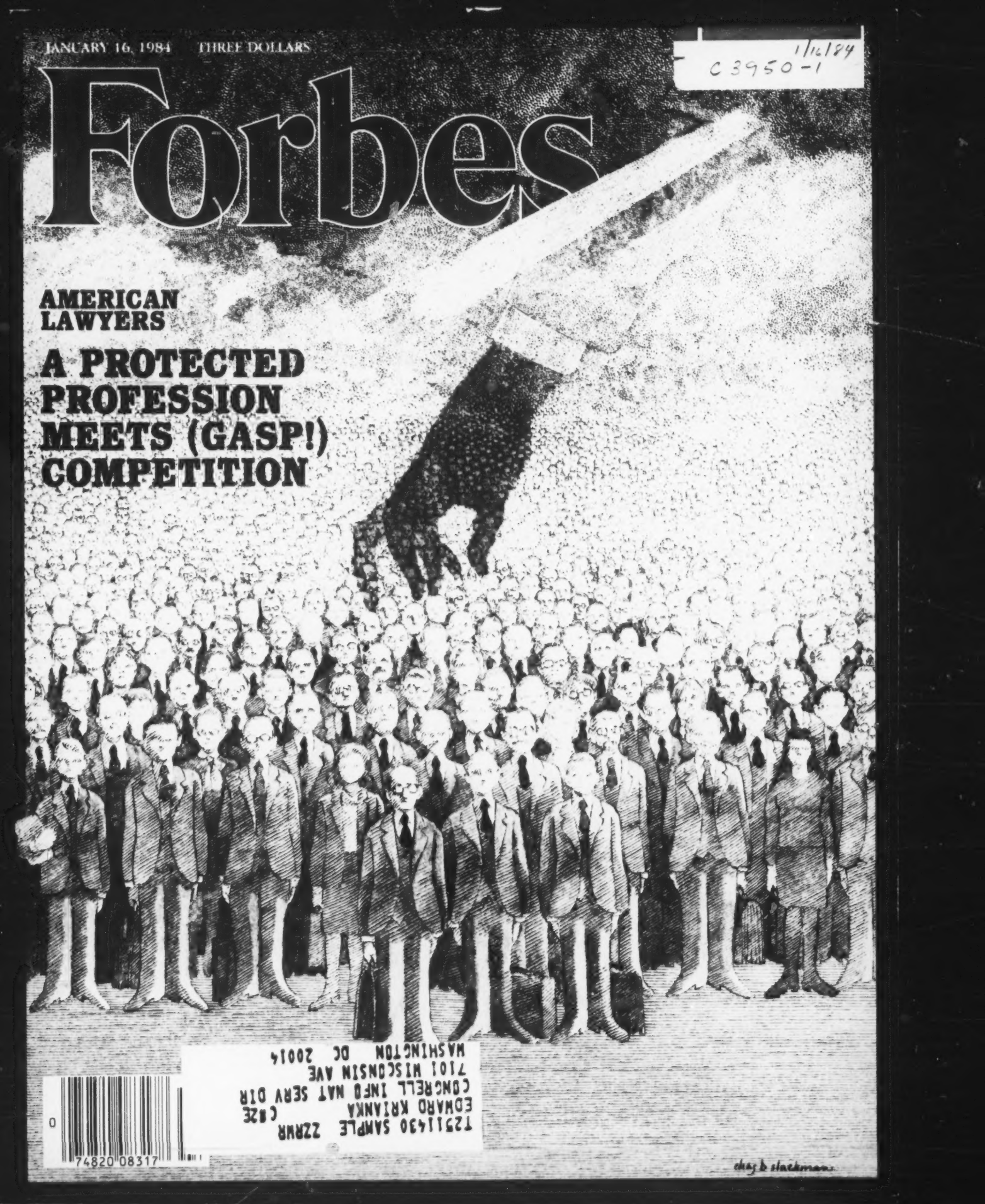
Forbes

AMERICAN LAWYERS

A PROTECTED PROFESSION MEETS (GASP!) COMPETITION



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January 16, 1984
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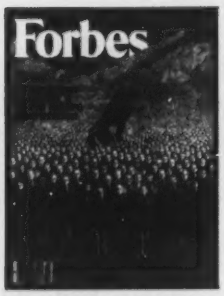

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A nice little niche in a huge market.

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When Duncan Syme started making cast-iron wood-burning stoves in rural Vermont, he was trying to escape the rat race. Now he has a real business on his hands. Also: Seven Oaks International Inc.; After Six, Inc.

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73 Cover Story:
Tough Times For The Lawyers
If you've paid any legal bills lately you may find this hard to believe, but the fact is, the lawyers are in for a real squeeze. Deregulation and the law of supply and demand are catching up to the legal profession.

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Maybe un-cola made more sense after all.

90 Computers:
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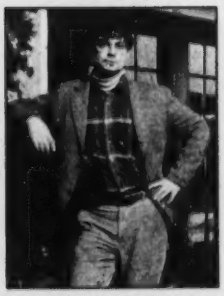
State and local governments are wallowing in a collective surplus of $16 billion these days. Still, they want more.

95 Companies:
Pabst Brewing
"We need some success stories," says Bill Smith. But success eludes him. "When it's over," he says, "I hope people will say, 'Bill Smith gave it a hell of a shot.' "



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123 Numbers Game:
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125 Statistical Spotlight:
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Ordinarily, we put little store in the academics' approach to investing. But this time, the professors may be onto something intriguing.

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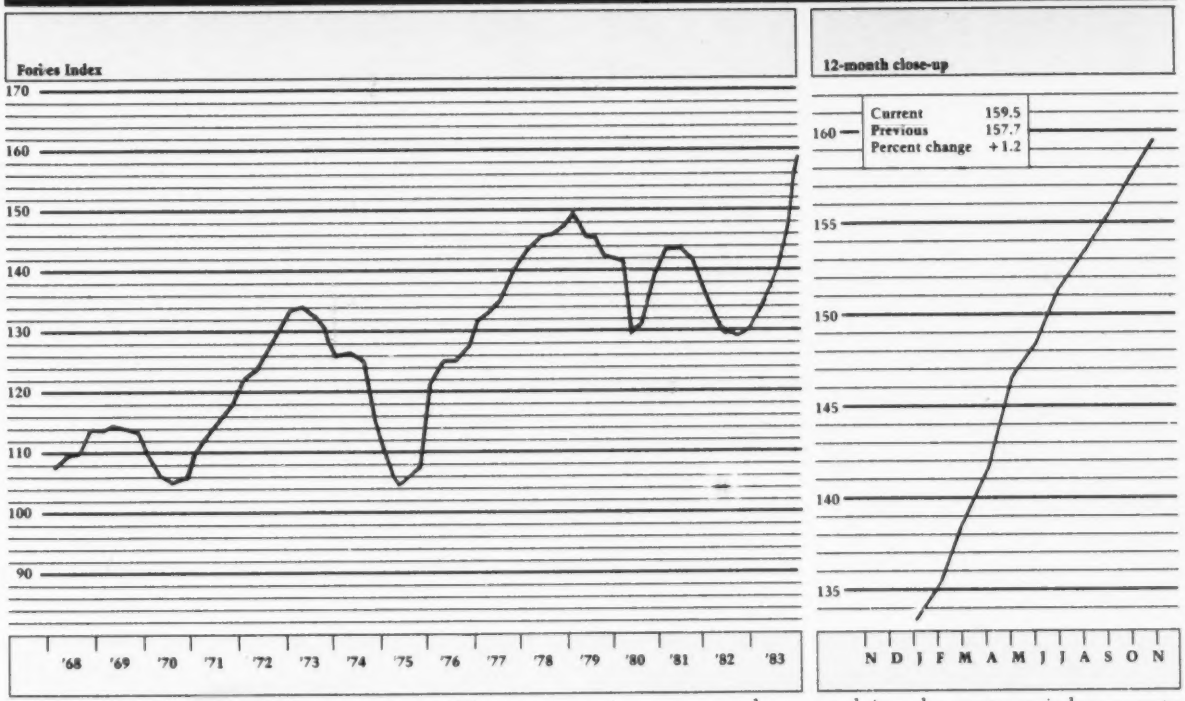
The Forbes Index



Trickling up. The Forbes Index moved up 1.2%, to a new high. But there was slippage in two components: new unemployment claims and new housing starts, which dropped 13.8% from the previous month.

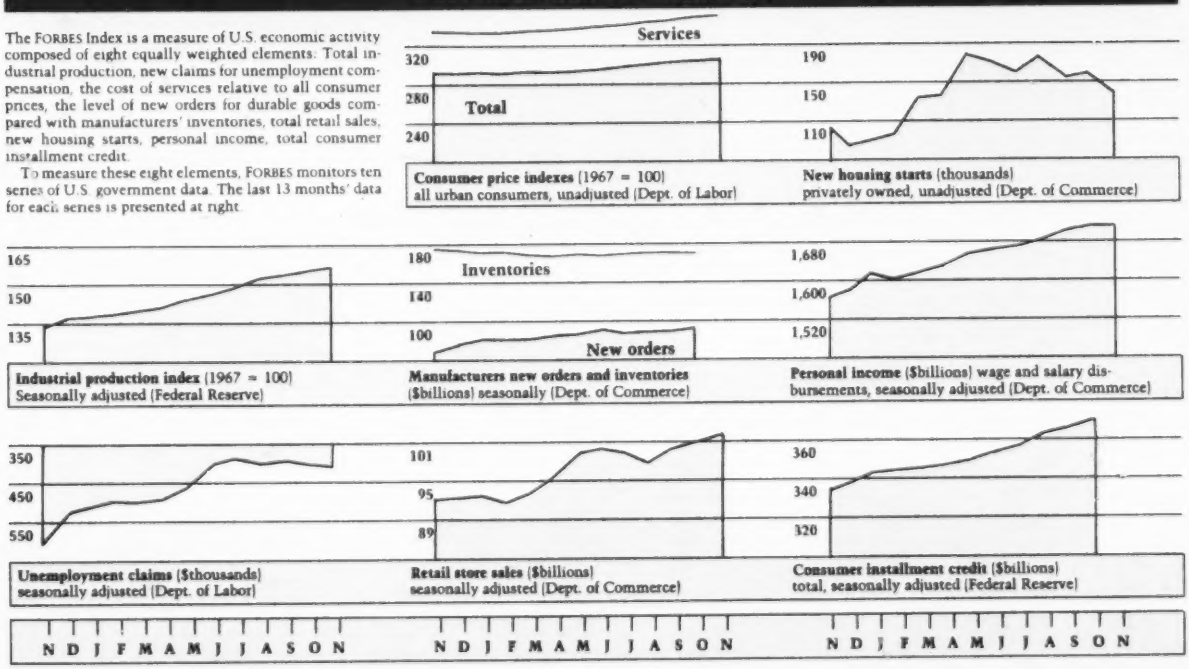
A seasonal construction falloff is normal, of course. The strength of the housing recovery can be seen by the fact that the latest monthly figures are some 25.6% higher than they were at the same time last year. The 0.4% jump in new unemployment claims, by contrast, is less easy to explain away.

The best news comes from retail sales. They were up 1.9% from the previous month and 10.8% from the same period a year ago. Industrial production gained 0.8%, and consumer installment credit rose 1.3%. While the overall consumer price index showed a monthly rise of 0.2%, personal income kept pace with a similar rise.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The recession may be over for most of the economy, but things are still tough in the legal profession. And they may get worse.

Lawyers versus the marketplace

By Richard Greene

IF YOU HAVE PAID any legal bills lately, you may have trouble believing what we are about to say, but it's true: Taken as a whole—and there are wondrously prosperous exceptions—American lawyers are headed for serious financial trouble. Their golden age is coming to an end. This pampered, protected profession is feeling the bite of unaccustomed competition. You won't find lawyers driving taxicabs yet, but it could happen soon.

"Competitive pressures are forcing lawyers to become businessmen," says Michael Magness, who heads the recruiting arm of law directory publisher Martindale-Hubbell. "The lawyer who doesn't become a good businessman isn't going to make it."

The public isn't yet aware of what is happening. Big-name negligence and criminal lawyers still command outrageous fees. Blue ribbon firms with blue chip clients are hardly cutting rates to stay in business. But this is a small corner of the legal world. Only the most successful lawyers earn $250,000 a year, and big corporate firms with more than 50 lawyers are just 3% of the profession.

The Commerce Department estimates that private law firms take in $30 billion annually. That sounds like a lot until you realize the money gets divided among roughly 400,000 lawyers in private practice and that the $30 billion is by no means pure gravy. After expenses, the average attorney earns probably no more than $40,000. Adjust for the fat earnings of the much publicized cream of the legal profession, and you are left with tens of thousands of lawyers who take home $30,000 a year—many a good deal less. What's more, attorneys who work for private industry typically make less than those in legal partnerships.

How does the profession earn its fees? The money is about evenly split between corporate and personal clients. On the personal side, real estate closings are a major revenue producer, along with divorce settlements and wills. For businesses, lawyers do lots of routine incorporation work and contract review.

Think of the law, and most people get visions of takeover fights, huge negligence claims and dramatic murder trials, but these account for only a tiny portion of total legal income. "You go to law school and believe you're going to conquer the world," says Ivy Adler, a 30-year-old

We're number one!

If the U.S. has lost its competitive edge in manufacturing automobiles or steel, it continues to reign supreme in turning out vast quantities of lawyers. A quick look at the chart below shows that the U.S. boasts over twice as many lawyers per thousand people as England and Wales, about five times as many as West Germany and over 25 times as many as Japan.

Lawyers per 1,000 population

England and Wales 1.00 | **Canada** 1.60 | **West Germany** 0.57 | **U.S.** 2.67 | **Japan** 0.10

New Jersey attorney. "I was very interested in the theoretical stuff, but now I do mostly house closings and partnership agreements . . . not exactly conquering the world."

Much of today's trouble stems from one simple fact: There are too many lawyers chasing too few clients. The statistics are numbing. There were only 355,000 lawyers in the U.S. in 1970. There are 622,000 now, and there will be over 1 million by the middle of the next decade.

The number of lawyers is growing much faster than the business available to support them. This should have been predictable: Lawyering is clean work, no heavy lifting and fairly prestigious. As long as it seemed lucrative, the number of people wanting to get into the profession inevitably swelled. Few people ever expected the law of supply and demand to prevail for lawyers. But it has.

The implications of all this are ominous. Ominous for the general public because some of these hungry lawyers encourage litigation—and, in the end, the general public pays for litigation. Ominous for the lawyers because, no matter how much unnecessary litigation they drum up, there isn't likely to be enough work to go around. There are simply too few fender-benders, too few divorces, too few product liability claims to keep all of today's lawyers in three-piece suits. Clearly, something has to give.

For some lawyers, it already has. Russell Howes was graduated from Wayne State University law school in 1980 expecting immediate success, the kind his older brother enjoyed in the Sixties. After applying to over 150 law firms without one offer, Howes is chastened. "The opportunities have dried up," he explains. "In any major city you're considered a golden boy if you're able to snare a job." Howes launched his own practice in a small Michigan town a couple of months ago. But this, too, is discouraging. "Someone comes through the door about every week and a half," he says.

Freshly graduated attorneys aren't the only ones with problems. According to a confidential Price Waterhouse study of law firms nationwide, net income per partner was 10% less, adjusted for inflation, in 1981 than in 1978. Meanwhile, several large firms have gone out of business. Marshall, Bratter, Greene, Allison & Tucker, a 100-lawyer New York City firm with fancy Park Avenue offices, closed its doors in 1982. So did Greenbaum, Wolff & Ernst, a specialist in the literary field. More recently, a well-known entertainment firm, Fulop & Hardee, fell apart.

Even large in-house legal staffs are feeling the pinch. One middle-aged attorney, for example, left his job as group counsel at a division of a Forbes 500s company two years ago after a corporate restructuring. With Ivy League degrees and 20 years' experience, he thought he would find a job quickly. "But I was wrong," he says today—still unemployed.

Though lawyers who have been forced into the job market know the hard truths of the mid-1980s, others hide from reality. They will tell you that the current troubles are merely a result of the recession, and that happy days are nearly here again. Or, if they admit they are worried, it is not about their own practice but about the other fellow's. Sheer self-deception. People who talk like that have their heads in the sand.

The happy days are over for lawyers not only because their numbers grew faster than the business available to them—surpluses created by supply and demand usually are eradicated by supply and demand—but also because of a phenomenon that is sweeping the economy. Lawyers, like airline pilots, bus drivers and bankers, are feeling the effects of deregulation. The difference is that lawyers got their deregulation over time, while it hit most other fields in one fell swoop.

Deregulation for lawyers dates from June 1975. At that time the Supreme Court ruled that state bar associations could no longer set minimum fees. Previously, it was pointless to shop for legal services. Lawyers could collude to fix prices. Activities that might have sent ordinary businessmen to jail were permitted for lawyers.

As the effect of this decision worked its way into the marketplace, a number of state bar associations also stopped zealously maintaining so-called unauthorized practices books. These defined activities that lawyers regarded as their exclusive province. Estate- and tax-planning, for example, were once jealously guarded. Now, says Barbara Curran of the American Bar Foundation, "state bars are not preoccupied with the gray areas." Today lawyers must compete for estate- and tax-planning business with bankers and accountants.

Lawyers have lost, too, because of such commendable reforms as no-fault insurance and no-fault divorce. But this loss of business promises to pale in the future beside what they may lose from the restructuring of financial institutions. After all, who needs a lawyer to arrange a

mortgage through his Visa card?

It's not surprising that once law firms were permitted to advertise, many did so. Nor is it surprising that so many lawyers have recently hired public relations firms—if paid advertising is undignified, what is wrong with a little free advertising?

At any rate, some 5,000 firms told the American Bar Association last year that they had tried advertising. The pitches range from agate type in legal journals to Berger & Associates' $20-off coupon in last year's New York Yellow Pages. Lawyers even buy time on television. And that's not all. Arkans & Levin, a 12-office firm based in Pennsylvania, uses matchbook covers and bowling alley scoresheets.

Law firms, even snooty Wall Street law firms, now have glossy brochures they mail to prospective clients, and partners make cold calls on corporations. All this not without a certain twinge of guilt. A press agent recently tried to persuade FORBES to interview a lawyer-client—but, please, please, don't tell anyone the client is using a flack. The interview should look spontaneous. (We turned down the suggestion.)

Once lawyers begin advertising, it's only another step to abandoning the old pretense of independent professionalism and moving toward prepaid group practice. This turns lawyers into wage earners. Horror of horrors.

Technically, group practice, which is nothing more than bringing to the law office Adam Smith's old concept of the pin factory, makes considerable sense. Many attorneys, after all, spend much of their time and make most of their money doing relatively simple, mass-producible paperwork. Your will or your mortgage probably differs little from your neighbor's, and there is no reason that it should. No reason? Well, there's the lawyers' reason. If they can charge you $800 for a fill-in-the-blanks document copied from a form book, why not?

Consider the advantages—to the public, of course, not to lawyers—of so-called prepaid law. These plans are now available to perhaps 2 million households largely as a collective bargaining fringe benefit. For as little as $50 annually, participants get a guaranteed hourly rate for legal services (usually $50). There are also free telephone consultations and low, fixed prices for wills and divorces.

Since wages have been under pressure, prepaid legal plans are on labor's back burner at the moment. But the potential is clear: An industry association study estimates that 25 million people will have such coverage by the end of the decade. This will keep a lot of lawyers from starving, but it will also deprive a lot of others of what used to be easy money.

Some hard-pressed lawyers already see prepaid plans as a source of additional income, even if it means cutting rates. Nationwide Legal Services, for example, is a sponsor of prepaid legal plans that usually require attorneys to work for $50 an hour. Now $50 an hour isn't sweatshop wages, but neither is it the stuff of Jaguars, diamonds and skiing in Switzerland.

Nonetheless, plenty of trained lawyers are happy to accept Nationwide's rates. "When we advertise for a firm to dispense services, answers pour in by the hundreds," says Lewis Burger, president of Nationwide. "Lawyers just have to understand that the days of charging $3,000 for a drunk-driving case are over."

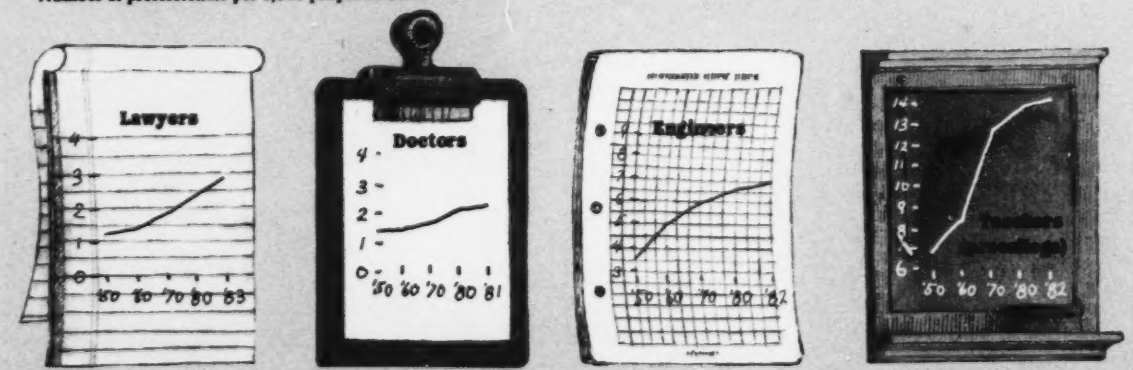
Just as they understand that, however, other businessmen see the potential of new ways to dispense legal advice. CIGNA, the $11.8 billion-a-year insurance giant, is now testing its On-Line Legal Services program in six states. Potential customers will get flyers in MasterCard or Visa bills offering unlimited free legal consultations through a toll-free telephone number. The cost: $8.75 a month. Tough cases are referred to participating local counsel, who promise 30 minutes of office time for $15 and 25% discounts for plan members.

Several other big insurers have similar plans in the works. But an even more aggressive challenge to the lawyers' status quo comes from within the profession. Legal clinics—the best-known of which are Jacoby & Meyers and Hyatt Legal Services—are as threatening to conventional law firms as off-price retailers are to Macy's and Gimbels. Well-managed production-line operations, these

Professional growth

When the number of engineers and teachers exploded during the 1950s and 1960s, those professions were hit by a classical supply-and-demand downturn. Their rapid growth rate slowed accordingly. With the legal ranks similarly swelling during the 1970s and 1980s, the same thing may soon happen again. How much longer will smart undergraduates scramble to get into law school?

Number of professionals per 1,000 people in U.S.



Sources: American Bar Foundation, American Medical Association, Bureau of Labor Statistics

off-the-rack firms offer basic legal services for a flat fee. They advertise heavily and operate out of easily accessible storefronts.

They are growing fast. Hyatt Legal Services, for example, works closely with H&R Block and now employs some 300 lawyers, ranking it among the nation's 15 largest law firms. At its present rate of growth, Hyatt claims it will be the largest law firm in America in 18 months.

Founder Joel Hyatt (J.D., Yale, 1975) considers himself more manager than lawyer. He's also a rich man at the ripe age of 33, thanks to Hyatt's success. "When I go to cocktail parties, 55-year-old lawyers invariably congratulate me and say they had the same idea 25 years ago," Hyatt says. "What they say when I walk away, I don't know."

If the old-line lawyers grumble, it isn't because these storefront lawyers are taking business away from them. More damaging to their pocketbooks is the way the Hyatts of this world are changing the way the public views legal services. They are changing it from priestly knowledge to a mere commodity bought in the marketplace. "Historically, people were intimidated to ask about legal fees, but now they know they have alternatives," says Gail Koff, partner of Jacoby & Meyers, a privately owned firm that employs about 150 lawyers.

If, say, your brother-in-law paid $300 for a will, you are less likely to accept a bill for $800 from another attorney. Ten years ago few lawyers would discuss fees with prospective clients over the telephone. But when FORBES recently called a dozen suburban New Jersey firms at random, ten gladly quoted prices for a will. And once they thought they had a prospect on the line, many firms were as eager to keep talking as insurance salesmen, mentioning other higher-profit services, like estate planning.

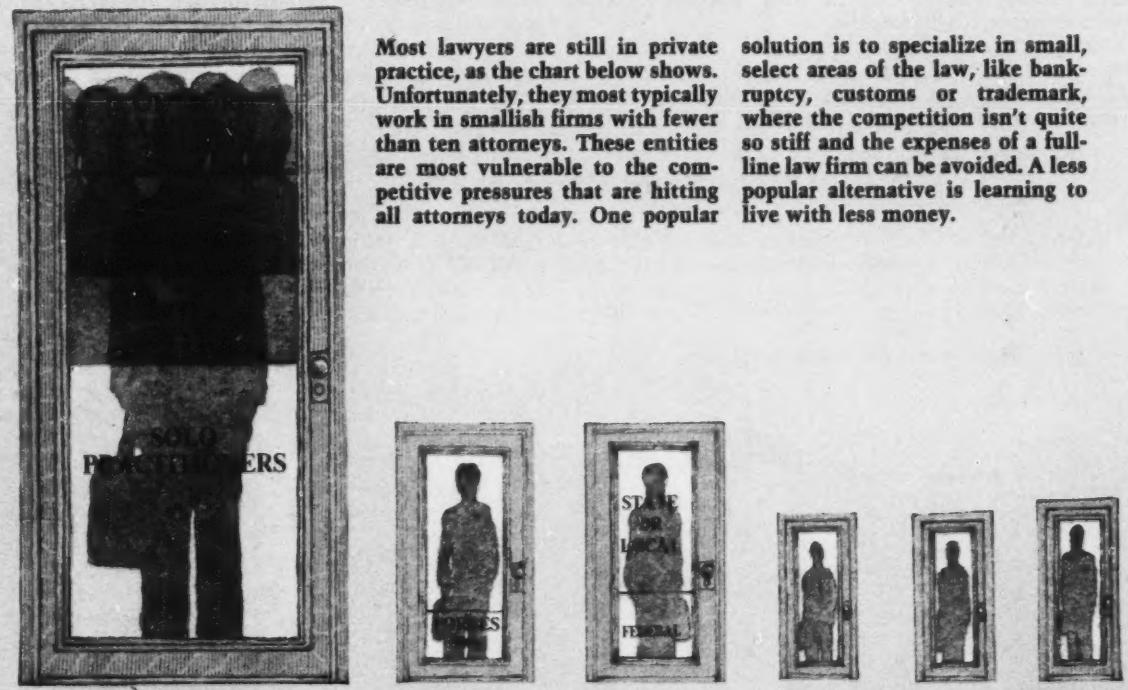
So, much of law is on its way to becoming a business like any other. This bodes ill for the 200,000 or so one-man offices. Just as the mom-and-pop grocery stores began to be crowded aside a half-century ago by supermarkets offering greater variety at better prices, so is the one-person law firm on the way out. "There was a time when the American dream was that you went out of law school, hung out your shingle, starved a few years and then started making money," says Martindale-Hubbell's Magness. "Hanging a shingle nowadays is virtually a sign of defeat. It means a guy couldn't find a job."

But surely such vulgar things aren't happening in the august field of corporate law. Oh, no? The same pressures that force firms into confrontations with their unions to keep wages down are encouraging them to whittle swollen legal bills. At many firms the cost of lawyering has outstripped R&D budgets. But lawyers, after all, rarely help produce a better product or a more profitable line. Much of their work simply helps you do things you would rather not do anyhow, like filling out government forms.

The most obvious way corporations cut legal costs is by hiring generally less expensive staff lawyers. Using them efficiently can cut legal expenses dramatically. GTE, for example, now has 117 lawyers, up from 61 in 1974. Although the growth of the in-house staff slowed during the recession, it has already hurt many outside lawyers.

Knock twice before entering

Most lawyers are still in private practice, as the chart below shows. Unfortunately, they most typically work in smallish firms with fewer than ten attorneys. These entities are most vulnerable to the competitive pressures that are hitting all attorneys today. One popular solution is to specialize in small, select areas of the law, like bankruptcy, customs or trademark, where the competition isn't quite so stiff and the expenses of a full-line law firm can be avoided. A less popular alternative is learning to live with less money.



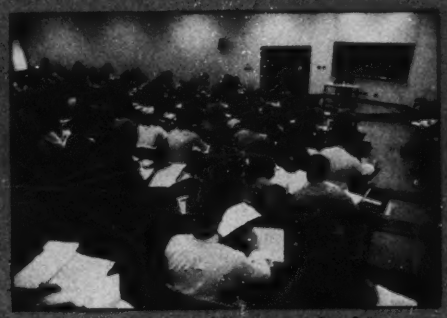
Private practice	Private industry	Government	Judiciary	Other	Inactive or retired
68%	10%	10%	4%	4%	5%

Note: Percentages add up to 101 because of rounding off.
Source: American Bar Foundation

Res ipsa loquitur

You wouldn't film *The Paper Chase* at Brooklyn Law School. There is no campus, only one box-like, ten-story building with just 14 classrooms. Nearby are a six-lane highway, municipal offices and blocks of fast food restaurants.

But never mind. Like law schools everywhere, Brooklyn has become a high-profit, high-margin business. Brooklyn, what's more, is a pure play. It is 1 of only 13 ABA-accredited U.S. institutions in business solely to sell legal education.



A lecture hall at Brooklyn Law School

Brooklyn Law's income statement is revealing. The school spends roughly $7,200 a year to turn out a lawyer. That includes building maintenance, running the library and paying about 50 professors an average of $50,000 each. With annual tuition of only $6,600 for new full-time students, there's obviously a deficit. But state aid, miscellaneous fees and the $240,000 float on tuition payments make a big difference. Add up all this extra income and it comes to about $7.6 million, roughly break-even.

There's more. Last year Brooklyn Law School earned $930,000 on its $15 million endowment, tax-free of course. With no debt or mortgage to pay—and no cash-guzzling, affiliated medical or undergraduate school to subsidize—Brooklyn simply invested its profits and geared for a bigger fundraising drive next year. Year-end operating margins, counting endowment income: 13.4%.

As law schools go, Brooklyn's figures are high. Even mighty Harvard had margins of roughly 8.5% on law school revenues of about $22 million last year, not counting another $2 million in restricted gifts.

Law schools make money because they are in a high-volume business that requires minimal capital investment. All that's necessary are some lecture halls, teachers and administrators, and a library. Compare that with a medical school, which needs costly lab equipment.

Besides tuition, which now averages $6,200 annually per student at private institutions, law schools also lean heavily on alumni for contributions. Most private schools receive gifts that amount to nearly 5% of their total operating budgets.

Brooklyn Law, of course, is already a money machine. But its fundraising now brings in an amount equal to 2.8% of operating income. Imagine what could happen if the school effectively tapped its hidden reserves—13,000 grads scattered across the U.S., including such well-heeled potential donors as artists' representative Swifty Lazar and David Liederman, owner of David's Cookies.—**Jill Andresky**

Firms are getting tougher, too, with outside counsel. "Clients say, 'We've got this matter and we've got $200,000. Do it for $200,000 or we'll go elsewhere,' " says Magness.

Needless to say, this puts pressure on the concept of hourly fees. For generations it didn't really matter how much time it took lawyers to finish a job. Within certain limits, in fact, the more time the better. Now, explains one legal consultant, "It's becoming an era of getting paid by the job as opposed to charging an hourly wage."

In the economics of law, as in all other economics, leverage is the key to profits. The leverage in law firms stems largely from keeping as many low-level associates as possible hard at work. Why? A partner who charges $120 an hour can bill perhaps 30 hours per week. But if he can keep two low-paid associates busy, billing $75 an hour for 45 hours a week, he can share in their profits as well.

This structure sometimes pushes law firms to grow too rapidly for their own good. Take a firm with 10 associates and 5 partners. Suppose seven years later 1 partner has left and 6 associates are ready to become partners. Now the firm needs 20 associates to leverage the 10 partners. Otherwise, earnings will no longer support the partners in the style to which they are accustomed.

The choice: Either mushroom in size or see profits per partner shrink. That is why partnership decisions at big firms these days are unusually bloody. One associate at a large New York City law firm, for example, considers herself lucky that her firm is simply deferring its decisions on partnership from the customary seven years as associate to eight years or nine. Regardless of when it comes, however, the truth is painful: Firms are admitting far fewer partners today than they anticipated during the ambitious hiring sprees of the mid-Seventies.

What is happening in law is, in some ways, similar to what happened on Wall Street when the commission structure was deregulated and competition became frantic. Some survived by learning how to be efficient. Consider Milbank, Tweed, Hadley & McCloy, one of the 20 largest law firms in the country, which hired Ronald Cullis, former controller of Fluor, in 1980 to be its executive director. So far, he has cut some $4 million in operating costs and set up a long-range-planning committee. Partners have responded with few complaints.

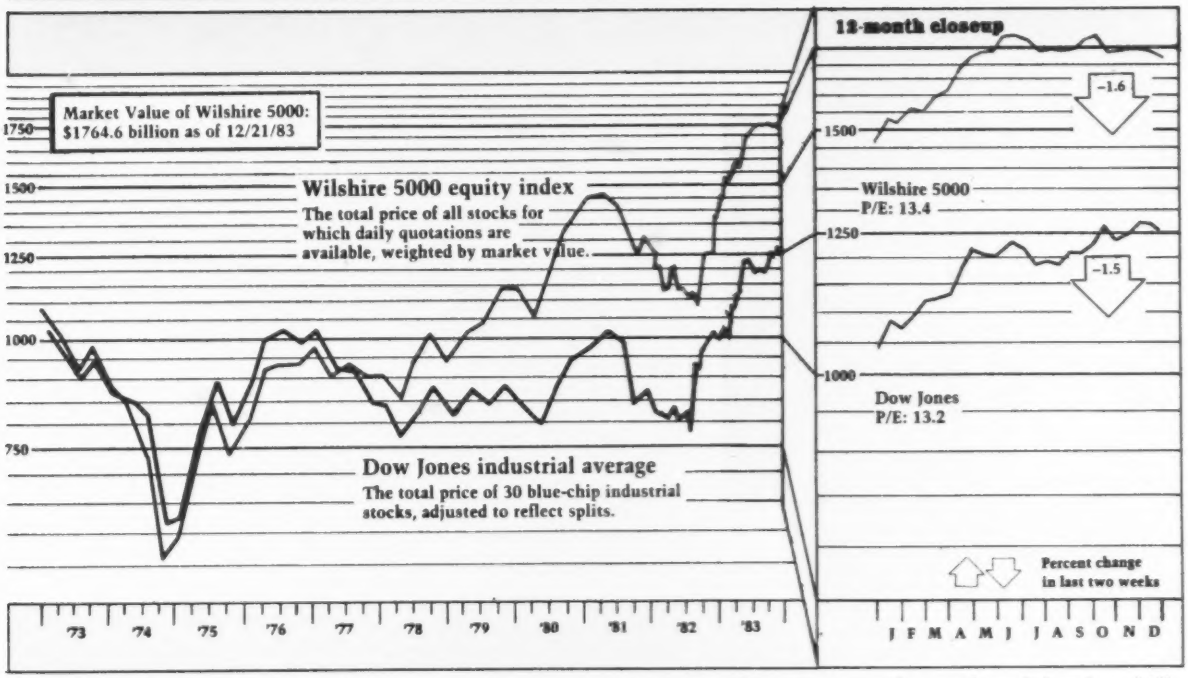
Other lawyers are taking a lead from Wall Street and doctors. They specialize, forming so-called boutique firms that deal only in bankruptcy or trademark issues. Presumably such arcane fields are less price-sensitive.

Since we have brought in the parallels with the Wall Street of a decade ago, it is only fair to point out that today's turmoil in the law will probably benefit a good many lawyers once the dust clears. The brokerage business emerged far more prosperous than before, but only after the disappearance of a good many fine, old firms, and with a good deal of blood on the floor. Giants like Merrill Lynch grew up, big outside companies like Sears and American Express moved in, and a handful of smart specialists and regionals thrived.

Similar forces could transform the legal business. Big insurers, of course, are already eyeing prepaid legal services. Aggressive legal clinics could become coast-to-coast mass marketers. And there will even be jobs for lawyers in the financial supermarket—regardless of whether American Express, Merrill Lynch or Sears owns the store.

It's the old story once again: survival of the fittest. ■

The Forbes/Wilshire 5000 Review



Playing in the snow. As cold and stormy weather swept across the nation, investors seemed to be having a good time throwing stock at one another. No one was hurt by all this fun, except for the market averages. Despite a couple of strong charges, the Dow industrials ended the most recent two-week period with a 1.5% loss. The NYSE and The Forbes 500 experienced similar setbacks. But Amex and NASDAQ issues gave up even more ground. They fell 1.9% and 2.3%, respectively.

The investor yardsticks below, however, show that high-volatility, high-P/E, high-growth and low-priced shares were clearly out of favor last month. This pattern emerges nearly every time the market slides downhill. Investors dump stocks in which they perceive high levels of risk in favor of safer investments. But electric utilities, one former haven, have recently been blemished by negative publicity about uncompleted nuclear reactors and uncertain interest rate projections.

Once again, the P/E on the Wilshire index declined. If fourth-quarter corporate earnings improve as expected, the multiple on the Wilshire will remain in the low teens only if stock prices rise. Many experts do anticipate a new year rally. But keep in mind that the market has an uncanny way of bucking the consensus.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-2.2	-2.5	-1.6	-2.0	-1.2	-3.2
in last 52 weeks	19.3	18.0	21.2	18.2	32.5	19.3

Stock performance based on five key investor yardsticks

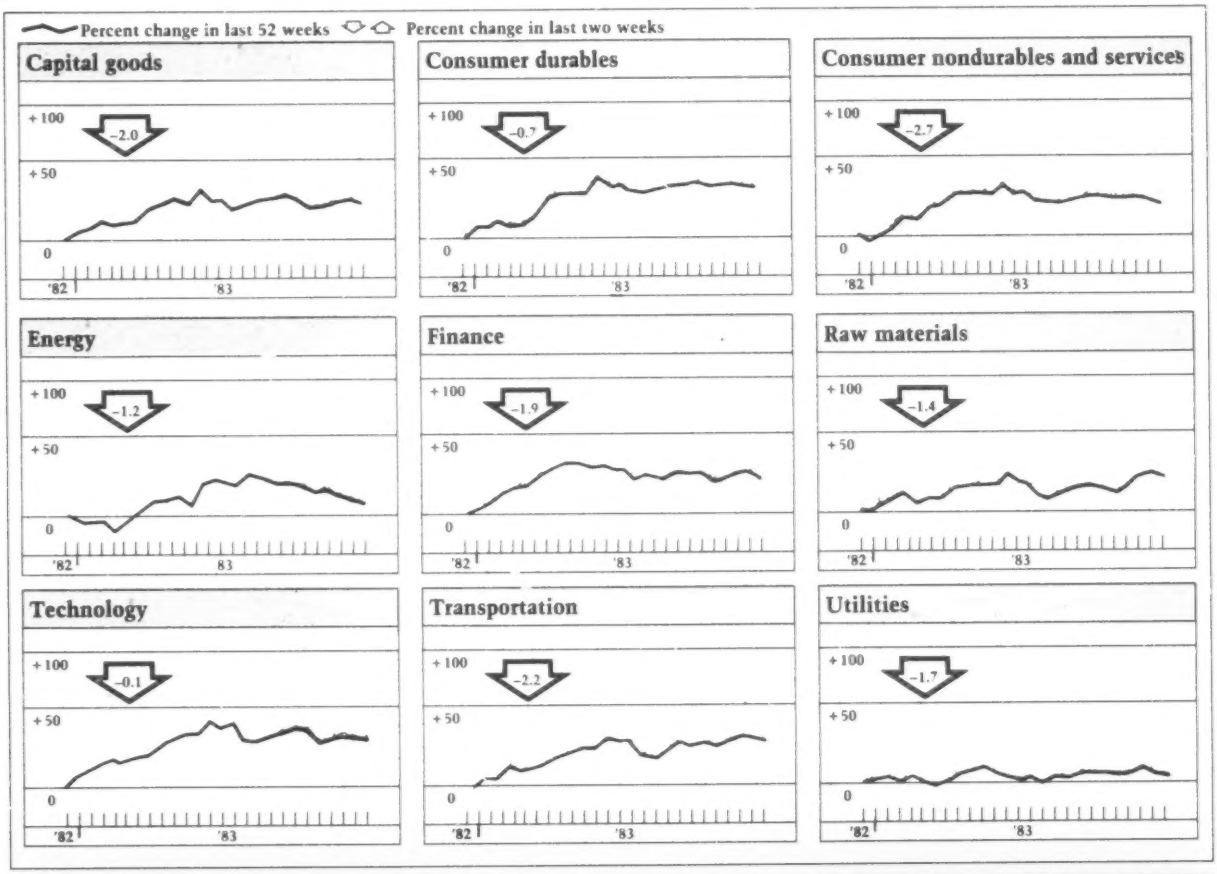
Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-2.2	-2.6	-3.9	-1.1	-3.6	-1.4	-1.1	-2.3	-5.2	-1.1	-0.9	-3.3
in last 52 weeks	20.8	67.0	53.3	30.6	33.9	65.5	29.3	60.0	56.8	30.7	31.2	55.1

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/21/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Cutting the ropes. As year-end approached, institutions dressed up their portfolios. Investors, meanwhile, took profits on some winners and bade farewell to many losers. But most of the pressure was on the selling side, which produced two-week losses for all nine sectors. In fact, most of December was bleak for every industry sector except raw materials. This was the only group to register a gain for the four-week period. Over the two-week stretch, consumer nondurables show the biggest loss, a 2.7% decline. Although this group led the way to the August 1982 rally, it has been on a faltering course during the last several months. In fact, on a 52-week basis, consumer durables, with a 13.7% gain, is the second-poorest performing group. Only the utility sector sports a weaker record.



What The Analysts Think

Something new. Zacks Investment Research and Wilshire Associates are now providing FORBES with consensus earnings estimates for Wilshire's nine sectors and the Forbes 500. Over the last two weeks, analysts have scaled up their estimates for capital goods, consumer durables and utilities while cutting estimates for the other six groups.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	2.54	13.3
1983 estimates	3.31	11.6
1984 estimates	4.39	8.6

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Capital Goods	$2.13	1.55%	-2.35%
2	Consumer durables	2.70	0.91	1.28
3	Utilities	3.36	0.05	0.17
4	Consumer nondurables	2.47	-0.26	-0.55
5	Raw materials	2.82	-0.72	-0.86
6	Finance	4.05	-1.42	-1.65
7	Energy	1.93	-1.67	-1.71
8	Transportation	2.63	-1.67	1.25
9	Technology	1.63	-1.68	-1.30

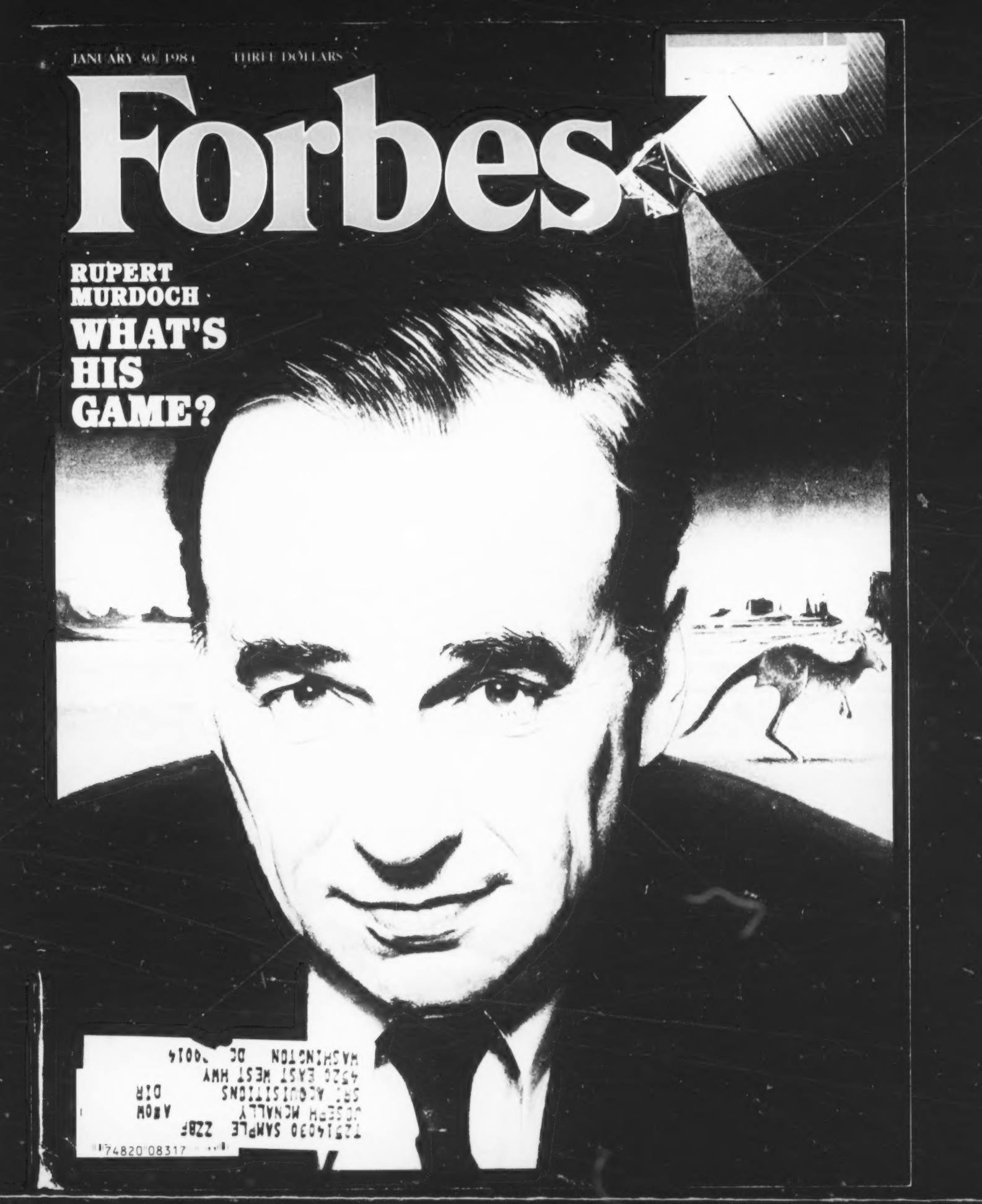
Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts.
These figures are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 12/21/83. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

JANUARY 30, 1984 THREE DOLLARS

Forbes

RUPERT MURDOCH
WHAT'S HIS GAME?



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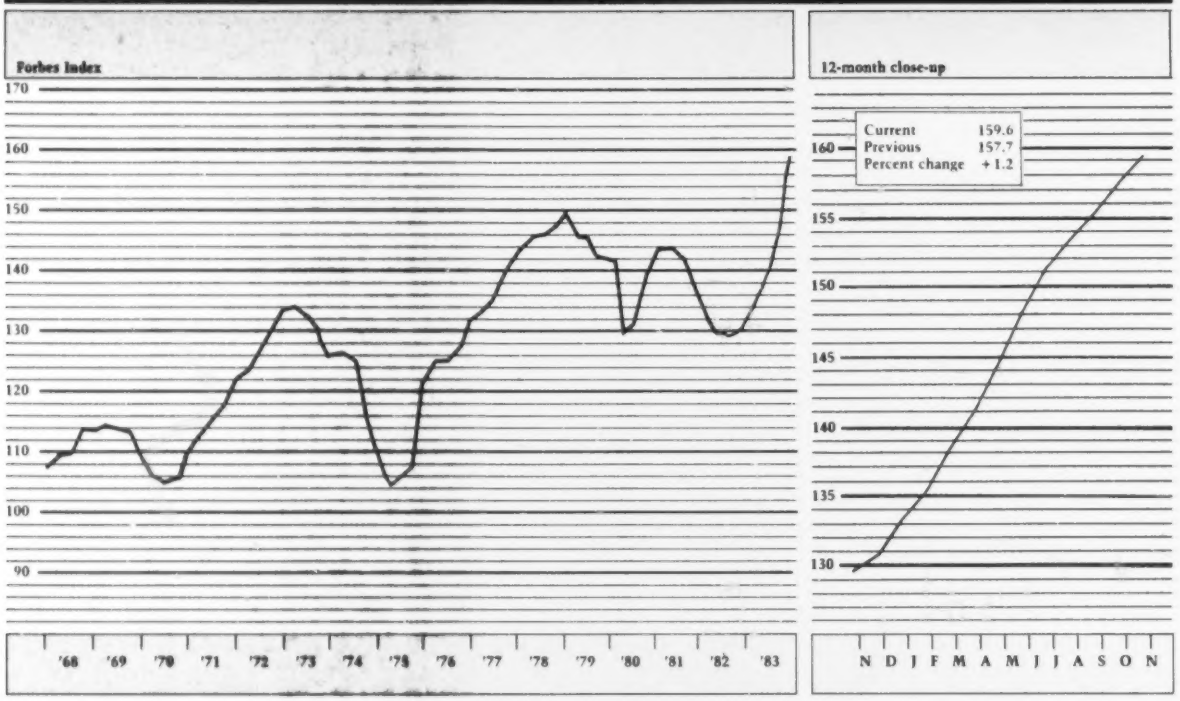
The Forbes Index

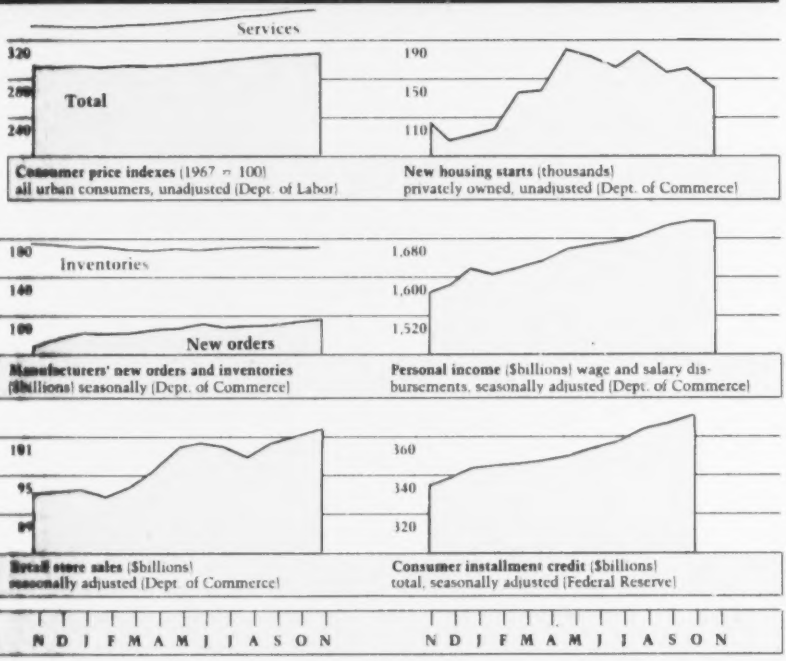


Every little bit helps. The **Forbes Index, up** 1.2%, is now some 23% higher than it **was a year earlier.** In the latest reporting period only one **Index element was** updated—the relationship between **manufacturers' new** orders and inventories. Even so, the **three-month gain** in orders relative to inventories is enough to **boost the Index** to a record high. And for the most recent month, new orders rose 3.6%, while inventories were up only 0.2%. Further evidence of how manufacturers have worked down their recession-bloated stockpiles can be seen by comparing these latest figures with those of one year ago. New orders are up nearly 37%, while inventories are down 4.6%.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



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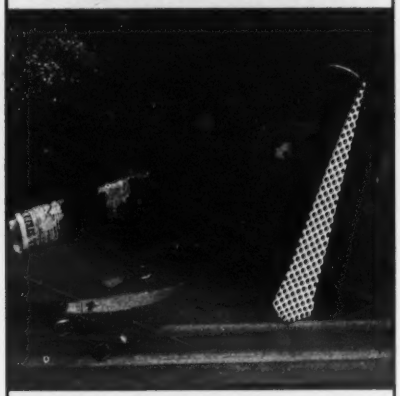

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Alone on a wide, wide sea

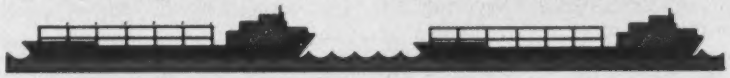
Sixties conglomerates were eager to sign up for sea duty, and several paid big bucks to buy into the shipping business. But now the nautical life has lost its allure.

A few companies—like Holiday Inns—have been able to find buyers for their maritime operations, but spinning the businesses off to shareholders is the latest trend. Some of these newly public firms, like American President Cos., are moving full steam ahead. But others, like Waterman Marine, face gloomier prospects. The biggest spinoff—R.J. Reynolds' jettisoning of $1.6 billion-a-year Sea-Land—may be approved early this year.

Some corporations have special reasons for leaving the business, but most are simply uncomfortable with the investment demands and unexciting returns. "The struggle for capital was really intense," says W.J. Amoss Jr., president of Lykes Bros. Steamship Co., which LTV sold to the Lykes family and management last year. Amoss says his company suffered in the competition with other LTV subsidiaries.

Transway spun off Waterman Marine, its U.S.-flag cargo carrier, because of potential legal problems. Waterman was profitable then, but no longer. It filed for bankruptcy in December. "We thank our lucky stars that those losses are not on our bottom line," says Transway Chairman John Wolcott.

The spinoff trend, however, may bring investor opportunity. For the first time in years, a few analysts are studying the shipping industry. "I feel like I did when I started to follow railroads five years ago," says Robert Long of First Boston. "Then that was a lousy industry, too, but here's American President Cos. with a better average return on equity and cash flow per share than Roadway Services, the premier trucking company." American President Cos. was spun off at 18¼, Long recommended it at 24 and it now sells for 30.—P.S.



A wave of spinoffs

This is the new fleet of shipping companies. But the biggest spinoff of all—R.J. Reynolds' $1.6 billion Sea-Land—may come this year.

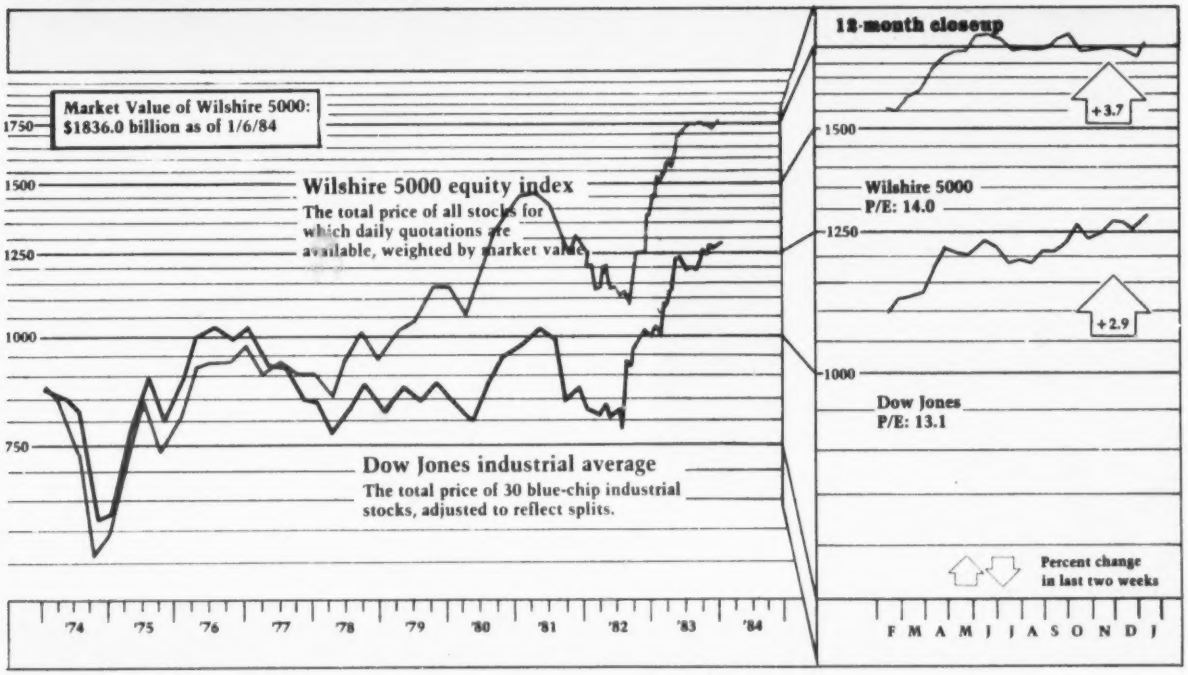
Spinoff *(parent)*	Year of spinoff	Sales* (000)	Net income* (000)	Recent stock price	Multiple
American President Cos *(Natomas)*	1983	$724,654	$11,784	30	27.5
Delta Steamship Lines[1] *(Holiday Inns)*	1982	NA	NA	NA	NA
Gotaas-Larsen *(IU International)*	1979	147,990	–87,701[4]	11⅜	def
International Shipholding *(Trans Union)*	1979	94,319	7,632	13½	3.4
Lykes Bros Steamship[2] *(LTV)*	1983	NA	NA	NA	NA
Marine Transport Lines *(GATX)*	1983	104,212	1,744	9	12.2
McLean Industries[3]	1983	805,425	39,138	10¾	11.6
Ogden Marine *(Ogden Corp)*	1984	183,960	3,980	4½	21.4
Waterman Marine *(Transway)*	1981	208,672	–32,516	5	def

*Latest 12 months. [1]Sold to Crowley Maritime. [2]Private company. [3]Went public August 1983. [4]Loss includes extraordinary $75.5 million reserve. def: deficit. NA: not applicable.

rally, is the energy business. But major problems loom in shipping. The container market faces a bout of overcapacity next year. Two aggressive competitors, Malcom McLean's U.S. Lines (FORBES, *Oct. 24, 1983*) and Evergreen Line of Taiwan, are due to launch new fleets. Their vessels come from foreign yards and cost far less than APC's U.S.-made ships, even with government subsidies.

Even in good times, Seaton's cash hoard won't build up as quickly. Without the shelter of Natomas' drilling operations, APC soon will have its first federal tax bill. Which means that Seaton will once again have to prove—this time to his new shareholders—that an oilman can command a shipping company just as well on the downside of the cyclical wave as on the rise. ■

The Forbes/Wilshire 5000 Review



Fad or fashion? The market started the new year in style, but it remains to be seen whether this bullish attire will stay in vogue. The early January rally can be explained, at least in part, by investors' snapping up issues that had been depressed by end-of-year tax-selling. One effect of the jump in stock prices is that the price-to-earnings multiple on the Wilshire index is up sharply, from 13.4 two weeks ago to 14 at present. Healthy increases in fourth-quarter earnings have already been discounted. But for the rally to be sustained, the market must be convinced that the economy and individual corporate finances can justify increasingly higher stock prices.

In the last two weeks the overall market, as measured by the broadly based Wilshire index, advanced 3.7%. In the current surge, growth stocks took a slight edge over blue chips. Look at the investor yardsticks below to see the relative strength of high-volatility, high-P/E and high-growth stocks. Enthusiasm for such shares pushed the NASDAQ ahead 4.1% and the Amex 3.6%. But the owners of more staid and conventional stocks have reason to smile, too: The Dow industrials were up 2.9%; the NYSE, 3.8%; and the Forbes 500, 3.7%.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.3	2.4	2.1	2.4	2.5	2.6
in last 52 weeks	17.7	16.6	19.6	16.8	25.7	20.7

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.7	3.7	4.8	0.9	5.1	3.6	1.3	3.7	5.1	1.2	2.5	3.5
in last 52 weeks	19.7	56.5	49.0	27.8	33.0	54.7	26.7	54.3	49.5	28.3	31.7	47.9

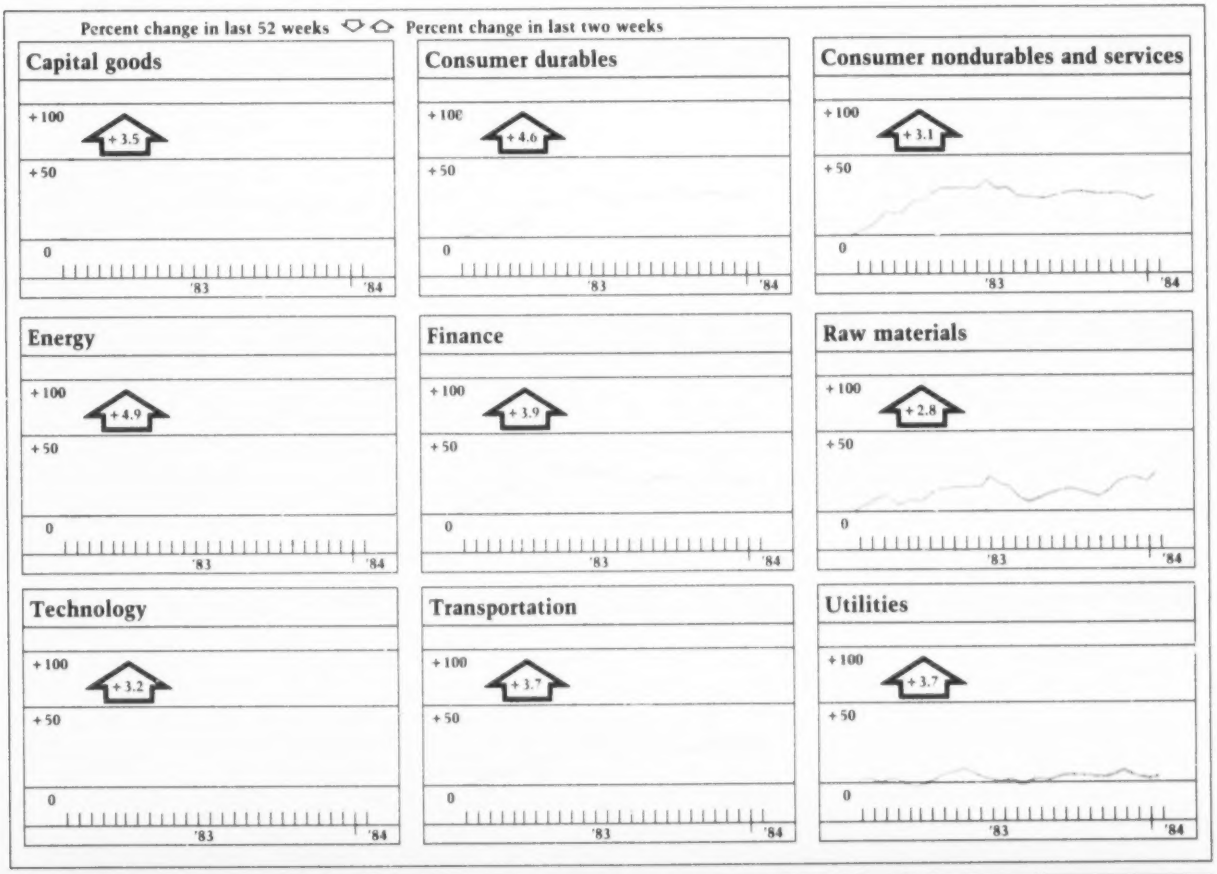
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

January thaw? The last time all nine sectors advanced over a two-week period was in November 1983. But one has to go back to late April to find the winning combination of most sectors showing sharp increases and every group posting gains. Over the last two weeks, energy, with a 4.9% jump, was the market's top performer. This rise, however, is probably attributable more to the Getty takeover battle than to an imminent oil patch turnaround.

A surge in auto stocks helped consumer durables to become the second-best performing group, with a 4.6% advance. Although brokerage stocks stumbled through the second half of last year, they recently regained some of their luster. The reason: Wall Street's early January volume, which helped propel the finance sector to a 3.9% gain.



What The Analysts Think

Black hole. Over the last two weeks analysts scaled back their 1984 earnings estimates on most sectors. But oil stocks were hit the hardest, with nearly a 7% downward revision. While the prospect of lower fuel costs may be good news for utilities and transportation companies, it is the opposite for the already suffering oils.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.53	13.1
1983 estimates	3.29	11.6
1984 estimates	4.37	8.6

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Utilities	$3.36	0.88%	0.53%
2	Transportation	2.61	0.27	3.32
3	Consumer nondurables	2.46	-0.92	-0.23
4	Capital goods	2.13	-1.36	-1.22
5	Finance	3.98	-1.39	-2.75
6	Raw materials	2.81	-1.52	-2.46
7	Consumer durables	2.63	-1.73	-0.91
8	Technology	1.62	-2.15	2.50
9	Energy	1.88	-6.81	-5.72

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts.
These figures are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 1/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Here are some unusual investments. They offer better-than-average yield and the potential of fat capital appreciation.

Convertibles are back in style

By Leslie Pittel

CONVERTIBLE PREFERRED STOCK used to be a Wall Street rarity. But not today. Look at the numbers: Forty-three new issues of convertible preferreds worth over $3 billion were sold last year. That is nearly 10 times the value of all 1982 offerings, according to Eli Tanenbaum of Lipper Analytical Services, a New York-based investment research firm.

Why the rush to sell convertible preferreds? Much of the new stock results from corporate mergers and acquisitions. Since the current takeover binge comes at the end of a recession, firms doing the acquiring usually aren't flush with cash. With interest rates high, there are good reasons to avoid borrowing, and balance sheets are often strained to the point where they can't accommodate any additional debt.

That's where convertible preferreds come in. Firms get needed cash at below bank rates. But to investors, the securities look enough like debt to be valued on the basis of yield. At the same time the shares offer the kicker of being able to benefit from a company's future earnings growth.

Like ordinary preferred stocks, convertibles have senior status over common shares in terms of dividend payments. They also usually offer a yield higher than that of common shares but below that of ordinary preferred.

On a daily trading basis, convertible preferreds behave a lot like common stock—with the downside protection of a relatively secure dividend. That's because of their exchange feature, which can be the source of considerable capital appreciation.

What's the best way to evaluate a convertible preferred investment? "First, you should really like the underlying common before even considering its convertible," says Mark Hunt, an analyst with Value Line's convertibles department.

With the appeal of the common in mind, search for three features in a convertible preferred. To begin with, compare the dividend of the convertible to the common and the ordinary preferred. Make sure the convertible's yield is higher than the common's.

Then look for the lowest conver-

Sporty shares for rain or shine

These convertible preferreds all offer higher yields than their underlying common. But they could rally just as smartly. And, if the common stocks falter, their preferreds' fixed dividends limit downside risk.

	Preferred			Common		EPS		Conversion		
Company	price	dividend	yield	price	yield	latest 12-month	1984 estimate	rate†	value‡	premium
AMR	40⅛	$2.12	5.3%	38½	0.3%	$2.41	$5.04	1.01	$38.89	3.2%
American Can*	42	3.00	7.1	48½	6.0	2.58	4.50	0.87	42.20	−0.5
Anheuser-Busch A*	49¾	3.60	7.2	64½	2.7	6.44	7.39	0.65	41.93	18.7
Armco	32⅜	2.10	6.4	21⅛	1.8	−12.39	2.35	1.27	27.46	18.8
Associated Dry Goods*	93	4.75	5.1	58	3.8	5.37	6.65	1.60	92.80	0.2
Barnett Banks Fla A*	42⅛	2.37	5.6	40½	3.0	4.44	5.25	1.04	42.12	1.2
Bell & Howell*	25⅛	0.60	2.4	25⅛	2.0	3.22	2.45	1.00	25.38	0.0
Bethlehem Steel	59⅛	5.00	8.4	29	2.1	−33.85	3.03	1.77	51.33	15.7
Bethlehem Steel	29⅜	2.50	8.5	29	2.1	−33.85	3.03	0.84	24.36	20.6
Boise Cascade	57	5.00	8.8	44⅛	4.3	1.75	4.22	1.10	49.09	16.1
Buckhorn	4¼	0.50	11.8	3⅜	0.6	−1.79	NA	1.14	4.13	2.8
Castle & Cooke	32	2.50	7.8	17¾	—	0.52	1.11	1.55	27.51	16.3
Champion Intl	56½	4.60	8.1	28⅞	1.4	0.98	3.25	1.67	48.22	17.2
Clevepak B*	19⅞	1.84	9.3	15½	3.9	0.47	NA	1.03	15.97	24.5
Cooper Inds*	37⅞	2.90	7.7	37	4.1	0.98	2.56	0.95	35.15	7.8

*Currently noncallable. † Number of common shares received upon conversion. ‡ Common stock price multiplied by conversion rate.
NA: not available.
Sources: Lipper Analytical Services; Zacks Investment Survey, FORBES

Statistical Spotlight

sion premium. This is the difference between the market price of a share of convertible preferred and its conversion value. These values are usually expressed as a percentage. If, for example, a convertible trading at $125 can be swapped for four shares of common selling at $25 each, the conversion premium is 25%.

Finally, investors who want to minimize risk should buy securities with what is termed "call" protection. Without this, the issuer can redeem a security at any time at a fixed price. Most of the convertibles listed in this table have some call protection and, as the footnotes indicate, many are currently noncallable.

"The ideal convertible preferred should have a very high yield and a very low conversion premium," says John Calamos of Noddings, Calamos & Associates, a Chicago-based firm that specializes in convertibles. "While the owner is waiting for the stock to go up, he can at least benefit from a high current dividend." ■

Sporty shares for rain or shine

	Preferred			Common		EPS		Conversion		
Company	price	dividend	yield	price	yield	latest 12-month	1984 estimate	rate†	value‡	premium
Crown Zellerbach A	49¾	$4.63	9.3%	36⅞	2.7%	$–3.89	$3.82	1.06	$39.09	27.3%
Esmark B*	38½	2.80	7.3	44¾	2.3	3.66	4.26	0.71	31.77	21.2
First Interstate Bancorp*	29⅛	2.37	8.1	43	5.2	5.58	6.72	0.60	25.80	12.9
First Pennsylvania	27¼	2.62	9.6	7¼	1.5	–1.14	NA	3.23	23.42	16.4
GAF	22⅛	1.20	5.4	17	0.3	–0.53	2.39	1.25	21.25	4.1
General Growth Prop	26¾	1.90	7.1	23½	2.6	0.42	0.90	1.00	23.50	13.8
Georgia-Pacific C*	30¾	2.24	7.3	25½	2.4	0.40	2.93	1.00	25.50	20.6
Harvey Hubbell C*	44	2.06	4.7	32¾	3.8	2.85	3.31	1.34	43.89	0.3
Household Intl C	47	2.50	5.3	32¼	5.3	3.50	4.15	1.50	48.38	–2.8
Household Intl D*	71½	6.25	8.7	32¼	5.3	3.50	4.15	1.92	61.92	15.5
Ingersoll-Rand	33½	2.35	7.0	52¼	5.0	–1.55	3.12	0.60	31.35	6.9
Integrated Resources*	32¾	3.03	9.3	27⅝	—	3.09	4.81	0.94	25.97	26.1
InterNorth*	140½	10.50	7.5	40	5.8	3.29	5.76	3.41	136.40	3.0
Jewel Cos*	33⅞	2.31	6.8	49	5.3	6.09	6.80	0.71	34.79	–2.6
Katy Inds B	73½	1.46	2.0	29	—	2.31	NA	2.58	74.82	–1.8
LTV B	30½	3.06	10.0	18¾	1.3	–6.19	2.56	1.30	24.38	25.1
Mattel	16¼	2.50	15.4	6⅜	1.3	–13.44	0.62	2.12	13.52	20.2
McDermott Intl	28⅛	2.20	7.8	27¼	1.7	2.44	2.95	1.00	27.25	3.2
National Intergroup*	76	5.00	6.6	37⅜	0.7	–5.42	4.86	1.87	69.89	8.7
PSA	18⅞	1.90	10.1	23⅛	2.6	–4.52	1.96	0.63	14.57	29.6
Penn Central*	100	5.27	5.3	39⅜	—	2.15	3.46	2.44	96.08	4.1
Pennwalt B	24	1.60	6.7	41½	5.3	2.20	4.28	0.58	24.07	–0.3
Pitney Bowes*	70	2.12	3.0	35⅝	2.6	2.62	3.42	2.00	71.25	–1.8
RCA*	29⅜	2.12	7.2	36¼	2.5	1.83	3.08	0.71	25.74	14.1
Republic Steel*	77	5.25	6.8	29	1.7	–13.20	2.64	2.61	75.69	1.7
RepublicBank A*	28½	2.12	7.4	31⅝	5.2	5.27	6.03	0.86	27.20	4.8
Signal Cos A	57	4.12	7.5	35	2.6	1.07	3.08	1.47	51.45	10.8
Talley Inds B	14½	1.00	6.9	11	2.3	0.87	1.15	1.05	11.55	25.5
Textron A	37	2.08	6.1	34	4.9	2.23	3.31	1.10	40.70	–16.5
Time Inc B*	88	1.57	1.8	61½	1.6**	2.56	4.38	1.44	88.56	–0.6
Trans World Airlines	21⅛	2.25	10.7	12¼	—	–1.22	1.03	1.50	18.38	15.0
Trans World Corp C*	42¼	2.66	6.3	40⅜	—	–0.44	3.44	1.00	40.38	4.6
UAL Inc B*	28⅜	2.40	8.5	39	0.6	4.65	4.53	0.59	23.01	23.3
Union Pacific*	114½	7.25	6.3	52⅛	3.5	3.27	4.85	2.00	104.25	9.8
US Steel*	154	12.75	8.3	32¼	3.1	–6.23	3.40	4.49	144.80	6.4
US Steel*	30½	2.25	7.4	32¼	3.1	–6.23	3.40	0.87	28.14	8.4
United Technologies*	33⅜	2.55	7.6	74¼	3.5	7.60	9.18	0.39	28.96	15.3
USLIFE	29⅜	2.25	7.7	29½	3.3	3.71	4.15	0.87	25.67	14.5
Weyerhaeuser	44½	2.80	6.3	35	3.7	1.07	3.28	1.21	42.35	5.1
Weyerhaeuser*	49⅞	4.50	9.0	35	3.7	1.07	3.28	1.11	38.85	28.4

*Currently noncallable. † Number of common shares received upon conversion. ‡ Common stock price multiplied by conversion rate.
** Prior to spinoff of Temple-Inland. NA: not available.
Sources: Lipper Analytical Services; Zacks Investment Survey, FORBES.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Boeing	126	22.1%	12.4%	94	18.3%	8.9%	Ametek	190	20.1%	19.4%	214	14.6%	14.2%
Capital Cities Commun	126	22.1	19.5	88	18.6	18.2	Exxon	190	20.1	17.0	221	14.5	11.8
Lear Siegler	129	22.1	15.2	206	14.8	12.1	National Svc Inds	190	20.1	18.6	105	17.7	16.8
Eli Lilly	130	22.0	21.7	57	20.6	19.4	Louisiana Land	193	20.0	12.0	186	15.2	-7.1
Lucky Stores	130	22.0	21.1	272	13.7	13.5	Wyman-Gordon	193	20.0	14.4	142	16.6	12.2
Snap-On Tools	132	21.8	16.4	77	19.2	14.8	R H Macy	195	20.0	22.3	237	14.3	17.1
Petrie Stores	133	21.8	16.6	45	21.5	16.1	Anheuser-Busch Cos	196	20.0	18.7	407	11.7	11.2
General Re	134	21.8	18.7	47	21.3	18.4	Browning-Ferris Inds	197	20.0	21.5	270	13.7	16.1
American Intl Group	135	21.7	19.0	54	20.7	18.6	Baker International	198	19.9	def	197	15.0	def
Masco	136	21.6	16.9	316	12.9	11.4	Beverly Enterprises	198	19.9	12.3	439	11.3	7.1
Cullum Companies	137	21.4	16.8	351	12.5	10.7	Cross & Trecker	200	19.9	1.7	89	18.5	1.9
Gannett	138	21.4	20.0	120	17.2	15.5	Johnson & Johnson	201	19.9	17.9	80	19.0	16.8
Anixter Bros	139	21.4	10.8	167	15.7	8.5	Combustion Eng	202	19.8	13.6	319	12.9	9.8
Cabot	140	21.3	9.9	248	14.0	7.5	Hewlett-Packard	202	19.8	18.0	81	18.9	16.9
Northwest Industries	140	21.3	1.7	352	12.5	2.3	Cox Communications	204	19.7	16.4	192	15.1	11.3
Chesebrough-Pond's	142	21.3	19.2	108	17.5	16.3	Sysco	204	19.7	18.2	179	15.4	13.9
Foster Wheeler	142	21.3	14.2	85	18.7	13.4	Procter & Gamble	206	19.7	20.1	181	15.4	15.7
Intl Flavors & Frag	144	21.3	19.7	63	20.1	19.0	Giant Food	207	19.7	22.3	366	12.3	14.4
Midlantic Banks	145	21.2	21.4	188	15.2	16.3	SONAT	208	19.6	18.7	410	11.6	10.3
Texas Commerce Bshs	146	21.2	20.1	69	19.8	18.6	Whittaker	208	19.6	9.7	92	18.4	14.5
IU International	147	21.1	13.1	570	9.4	8.0	Standard Oil Indiana	210	19.6	16.0	269	13.7	10.9
Atlantic Richfield	148	21.1	15.9	299	13.2	9.9	General Instrument	211	19.6	12.1	123	17.1	11.2
Minn Mining & Mfg	149	21.1	18.5	93	18.3	16.1	Bergen Brunswig	212	19.5	19.4	187	15.2	15.4
Emerson Electric	150	21.0	19.5	70	19.7	17.9	Engelhard	213	19.5	17.0	119	17.2	13.8
Marriott	151	21.0	20.3	467	10.8	9.3	Unocal	213	19.5	14.2	281	13.5	10.4
Supermarkets General	152	21.0	19.3	398	11.8	12.1	Hannaford Bros	215	19.5	20.2	450	11.0	13.1
A C Nielsen	153	20.9	22.1	64	20.1	21.1	Hershey Foods	215	19.5	17.6	212	14.6	12.9
USAir Group	154	20.9	12.7	388	12.1	8.9	Std Comml Tobacco	217	19.4	13.9	152	16.3	13.2
Piedmont Aviation	155	20.9	6.8	513	10.2	4.5	Sundstrand	218	19.4	9.3	278	13.6	7.7
Cole National	156	20.8	16.5	235	14.3	11.3	General Mills	219	19.4	20.8	200	15.0	16.1
Revco D S	156	20.8	21.3	103	17.7	18.2	State Street Boston	220	19.3	17.4	230	14.4	14.4
Walgreen	156	20.8	23.2	168	15.7	18.8	Combined Internatl	221	19.3	16.3	74	19.4	16.1
G D Searle	159	20.8	22.8	162	16.0	18.7	Tidewater	221	19.3	9.5	327	12.8	6.7
Storage Technology	160	20.8	0.6	184	15.3	2.8	General Dynamics	223	19.3	23.0	223	14.5	17.4
Geo International	161	20.7	def	117	17.2	def	Parker Drilling	224	19.3	def	237	14.3	0.9
Pay Less Drug NW	162	20.7	18.8	303	13.1	11.4	Consol Freightways	225	19.2	12.5	182	15.3	10.2
Nati Medical Entrprs	163	20.7	18.0	362	12.4	10.4	Dr Pepper	225	19.2	5.9	66	19.9	6.8
MGM Grand Hotels	164	20.7	NE	533	9.9	5.7	Hospital Corp of Am	227	19.2	16.8	451	11.0	10.5
American Express	165	20.7	21.6	112	17.3	15.9	Reading & Bates	227	19.2	7.3	370	12.3	5.4
Morton Thiokol	166	20.6	16.3	173	15.6	15.7	Cameron Iron Works	229	19.2	def	256	14.0	def
Roadway Services	166	20.6	20.2	71	19.6	19.8	Upjohn	230	19.1	15.5	248	14.0	11.3
Weis Markets	168	20.6	19.6	56	20.6	19.5	H J Heinz	231	19.1	20.6	204	14.9	16.3
Lubrizol	169	20.6	12.6	79	19.0	11.8	New York Times	232	19.1	19.8	174	15.6	13.1
United States Shoe	170	20.5	19.9	132	16.7	17.3	Universal Leaf	233	19.0	17.8	166	15.8	13.9
Purolator	171	20.5	21.9	193	15.1	15.6	Flowers Industries	234	19.0	18.9	315	12.9	13.3
Amer Medical Intl	172	20.5	22.4	375	12.2	12.9	Longs Drug Stores	235	18.9	17.5	84	18.8	16.9
Brunswick	173	20.4	10.3	401	11.8	10.7	MAPCO	235	18.9	9.0	479	10.7	5.6
Pneumo	174	20.4	27.2	377	12.2	14.1	Petrolane	237	18.9	def	263	13.8	def
Bally Manufacturing	175	20.4	5.4	158	16.1	6.2	CPC International	238	18.9	16.1	188	15.2	13.1
Payless Cashways	176	20.4	21.8	183	15.3	17.1	Nabisco Brands	239	18.9	18.5	274	13.7	13.5
Service Merchandise	176	20.4	18.4	288	13.3	11.8	Warnaco	240	18.9	18.2	245	14.1	15.6
General Electric	178	20.3	19.4	94	18.3	17.7	Ryder System	241	18.9	16.6	598	9.1	8.6
Square D	178	20.3	12.5	142	16.6	10.6	Ohio Casualty	242	18.9	12.3	86	18.6	12.3
Auto Data Processing	180	20.3	16.8	134	16.7	14.0	Interpublic Group	243	18.8	16.5	104	17.7	16.4
Genuine Parts	181	20.2	17.6	73	19.5	16.9	H H Robertson	244	18.7	12.5	190	15.2	11.2
Blount	182	20.2	21.7	305	13.1	14.9	Gillette	245	18.7	19.7	258	13.9	14.2
Arkla	183	20.2	16.2	481	10.6	8.6	Sanders Associates	245	18.7	16.4	111	17.3	14.4
Mercantile Texas	183	20.2	19.1	151	16.3	15.6	E-Systems	247	18.7	25.6	106	17.6	24.7
Winn-Dixie Stores	183	20.2	19.2	110	17.4	16.9	Shell Oil	247	18.7	14.8	391	12.0	9.1
CBI Industries	186	20.1	12.4	154	16.2	10.0	Times Mirror	249	18.6	17.3	214	14.6	12.0
R J Reynolds Inds	186	20.1	16.1	218	14.6	11.5	Vulcan Materials	250	18.6	10.2	279	13.6	8.0
Equifax	188	20.1	22.2	131	16.8	18.6	Meredith	251	18.6	20.1	349	12.5	12.9
Old Republic Intl	189	20.1	17.6	78	19.1	15.4	Palm Beach	251	18.6	13.7	266	13.8	10.8

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. NE: negative equity.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Fuqua Industries	253	18.6%	39.8%	665	8.3%	17.0%
Paine Webber	254	18.5	45.8	174	15.6	37.9
Transco Energy	254	18.5	14.4	672	8.2	7.2
Baxter Travenol Labs	256	18.5	20.1	194	15.0	17.4
Rockwell Intl	257	18.5	18.8	217	14.6	15.9
Consolidated Papers	258	18.4	14.0	169	15.7	12.0
Farmers Group	258	18.4	16.4	98	18.2	16.2
Halliburton	260	18.4	9.5	171	15.6	8.6
Standard Oil Calif	260	18.4	12.2	225	14.4	9.4
Fluor	262	18.4	5.6	210	14.7	5.5
Clorox	263	18.4	23.1	180	15.4	17.3
Panhandle Eastern	263	18.4	10.1	547	9.7	5.5
PepsiCo	265	18.3	14.7	294	13.2	10.4
Centex	266	18.3	13.6	664	8.3	8.3
Eastman Kodak	267	18.3	11.7	118	17.2	10.6
Banc One	268	18.2	18.3	127	16.9	16.7
Curtice-Burns	268	18.2	19.2	617	8.8	8.0
M/A-Com	270	18.2	9.3	109	17.4	7.8
CNA Financial	271	18.2	14.7	406	11.7	11.6
Fleming Cos	272	18.2	17.1	325	12.8	11.1
Southwestern Pub Svc	273	18.2	21.3	646	8.5	10.6
Cooper Industries	274	18.1	3.7	141	16.6	4.3
Amer Broadcasting	275	18.1	13.7	197	15.0	11.8
Phillips Petroleum	275	18.1	10.9	251	14.0	7.7
Warner Communications	275	18.1	def	255	14.0	def
Sun Company	278	18.1	10.7	338	12.6	7.2
Nordstrom	279	18.0	18.6	312	12.9	13.5
Carnation	280	18.0	17.6	195	15.0	15.1
Alco Standard	281	18.0	14.3	306	13.1	10.8
Getty Oil	282	17.9	8.3	254	14.0	6.0
Martin Marietta	282	17.9	22.3	432	11.4	6.4
Schering-Plough	284	17.9	14.4	145	16.5	12.0
ENSERCH	285	17.9	9.6	473	10.7	6.5
Kimberly-Clark	285	17.9	12.0	260	13.9	9.5
Bank of New England	287	17.9	16.0	280	13.6	12.9
Gelco	287	17.9	def	657	8.4	4.6
Centel	289	17.9	16.8	693	7.9	7.7
Dayton-Hudson	290	17.9	16.5	207	14.7	12.6
Intel	291	17.8	12.0	129	16.8	10.0
Pfizer	291	17.8	20.2	239	14.2	16.7
Pitney Bowes	293	17.8	14.3	327	12.8	9.8
Jerrico	294	17.8	14.0	309	13.0	10.8
Avnet	295	17.7	11.1	144	16.5	11.0
American Standard	296	17.7	8.5	323	12.8	6.4
Zapata	297	17.7	11.7	568	9.4	7.0
W W Grainger	298	17.7	13.4	121	17.2	12.4
Dexter	299	17.6	16.3	337	12.7	11.6
Bankers Trust NY	300	17.6	15.8	242	14.2	13.2
Fleet Financial	301	17.6	18.1	414	11.6	11.3
KN Energy	301	17.6	19.0	619	8.8	9.0
Hanover Insurance	303	17.6	13.2	114	17.2	13.1
Harris Corp	304	17.6	9.0	333	12.7	6.7
Consolidated Foods	305	17.5	18.6	350	12.5	13.0
Denny's	306	17.5	17.1	504	10.3	10.7
Whirlpool	307	17.5	19.3	157	16.1	18.0
Malone & Hyde	308	17.5	19.0	281	13.5	14.7
Briggs & Stratton	309	17.5	8.9	128	16.9	8.3
Am Natural Resources	310	17.5	17.8	618	8.8	8.7
Brown Group	311	17.5	17.5	227	14.4	15.1
Circle K	312	17.4	27.9	475	10.7	16.3
Perkin-Elmer	312	17.4	9.5	190	15.2	9.0
Amerada Hess	314	17.4	7.4	383	12.1	4.9
TRW	315	17.4	12.2	427	11.5	8.6
RepublicBank	316	17.4%	16.8%	200	15.0%	13.6%
First Natl Supermkts	317	17.3	16.6	590	9.2	9.3
Mobil	317	17.3	9.1	356	12.4	6.3
Illinois Tool Works	319	17.3	15.7	135	16.7	14.7
Big Three Industries	320	17.2	8.4	299	13.2	7.0
Pillsbury	321	17.2	16.0	429	11.4	11.2
Raychem	321	17.2	10.8	170	15.7	9.8
Harvey Hubbell	323	17.2	14.0	155	16.2	13.2
Southern Union	323	17.2	10.6	533	9.9	6.8
Culbro	325	17.1	7.2	478	10.7	7.0
Stop & Shop Cos	326	17.1	22.3	527	10.0	11.5
Amer Hospital Supply	327	17.1	18.2	195	15.0	16.3
Leaseway Transportation	327	17.1	12.2	560	9.6	8.2
InterNorth	329	17.1	15.4	519	10.1	9.4
Jack Eckerd	330	17.1	13.5	140	16.6	13.1
Rollins	330	17.1	1.8	210	14.7	1.9
Edison Bros Stores	332	17.1	15.0	225	14.4	12.8
Jewel Cos	333	17.0	16.4	480	10.7	10.3
Texas Eastern	333	17.0	10.2	567	9.4	6.7
Barnett Banks Fla	335	17.0	18.8	233	14.4	16.7
Superior Oil	336	17.0	9.0	490	10.6	4.9
Southland	337	17.0	17.4	497	10.5	11.5
Sonoco Products	338	16.9	14.2	267	13.8	11.4
Zurn Industries	339	16.9	12.1	341	12.6	9.4
United Telecom	340	16.9	14.7	683	8.1	7.4
Security Pacific	341	16.9	16.3	287	13.4	11.7
Handy & Harman	342	16.9	6.8	395	11.9	5.9
McLean Industries	342	16.9	19.0	656	8.4	9.8
First Atlanta	344	16.9	19.0	298	13.2	15.1
Air Prods & Chems	345	16.8	11.5	517	10.1	7.6
Moore Corp	346	16.8	13.5	243	14.1	11.9
Chic & North Western	347	16.8	5.2	813	6.5	4.7
United Virginia Bshs	348	16.7	17.6	379	12.1	14.0
Fischbach	349	16.7	17.0	292	13.3	13.3
First Union	350	16.7	19.1	301	13.2	16.6
Holly Corp	351	16.7	10.1	341	12.6	7.9
USF&G	352	16.7	11.7	132	16.7	11.7
Oneok	353	16.7	8.8	519	10.1	6.5
Tektronix	354	16.6	7.8	231	14.4	6.9
PNC Financial	355	16.6	16.8	184	15.3	15.1
American General	356	16.5	14.9	227	14.4	11.0
Rohr Industries	357	16.5	21.7	463	10.8	15.0
First City Bancorp	358	16.5	9.9	160	16.0	9.6
Hughes Tool	358	16.5	def	263	13.8	0.9
Ball Corp	360	16.5	16.2	466	10.8	11.0
First Security	360	16.5	15.4	391	12.0	11.2
General Foods	362	16.5	15.8	295	13.2	11.6
Peoples Drug Stores	363	16.4	17.8	306	13.1	13.0
Valley National	364	16.4	11.9	156	16.2	11.9
Universal Foods	365	16.3	19.6	345	12.6	13.9
Scott & Fetzer	366	16.3	15.4	306	13.1	12.5
MCA	367	16.3	15.7	199	15.0	14.7
Sterling Drug	367	16.3	15.4	227	14.4	13.3
Pacific Resources	369	16.3	7.8	540	9.8	5.7
United Technologies	369	16.3	14.7	386	12.1	11.0
Tyler	371	16.3	9.7	324	12.8	8.4
Knight-Ridder News	372	16.3	14.8	213	14.6	13.2
Tenneco	372	16.3	13.1	573	9.4	7.4
Federal-Mogul	374	16.3	14.2	360	12.4	10.1
Flickinger	375	16.2	17.4	297	13.2	12.5
Thrifty Corp	376	16.1	18.4	416	11.6	12.1
Kemper	377	16.1	9.5	147	16.5	9.6
Alleghany	378	16.1	13.0	301	13.2	10.9

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Emhart	378	16.1%	16.6%	263	13.8%	12.7%	Texas Utilities	440	15.1%	15.3%	659	8.4%	8.4%
R R Donnelley & Sons	380	16.1	17.5	261	13.9	14.2	Safeco	443	15.1	13.6	325	12.8	11.7
Dynalectron	381	16.1	10.9	330	12.8	8.7	A E Staley Mfg	443	15.1	1.3	472	10.7	2.2
NCNB	382	16.0	16.8	335	12.7	13.4	Central & South West	445	15.1	15.7	709	7.7	8.4
Chubb	383	16.0	13.0	202	15.0	11.4	Northwest Energy	445	15.1	7.8	626	8.7	4.8
Tecumseh Products	383	16.0	13.7	163	15.9	13.3	First Natl State Bcp	447	15.1	16.6	321	12.8	15.2
American Petrofina	385	15.9	8.3	457	10.9	6.4	Gates Learjet	448	15.0	0.2	310	12.9	1.1
Bausch & Lomb	386	15.9	14.3	292	13.3	11.2	General Signal	448	15.0	10.3	244	14.1	9.6
Caesars World	387	15.9	def	639	8.6	3.1	Wm Wrigley Jr	450	15.0	16.0	224	14.5	15.5
CBT	388	15.9	15.2	314	12.9	11.6	Campbell Soup	451	15.0	15.3	319	12.9	12.6
Waldbaum	389	15.9	15.9	481	10.6	10.7	W R Grace	451	15.0	7.1	498	10.4	5.5
American Greetings	390	15.8	15.7	389	12.0	12.4	Tyson Foods	453	15.0	22.8	637	8.6	10.7
Kroger	391	15.8	11.8	455	11.0	9.3	PACCAR	454	14.9	5.3	247	14.0	5.1
Sun Chemical	392	15.8	9.4	475	10.7	7.1	Richardson-Vicks	455	14.9	10.5	221	14.5	9.2
Figgie Intl Holdings	393	15.8	13.1	593	9.1	8.8	Motorola	456	14.9	11.9	286	13.5	10.9
Mercantile Stores	394	15.8	16.4	356	12.4	13.4	Dart & Kraft	457	14.9	15.6	359	12.4	13.0
Idle Wild Foods	395	15.8	7.5	338	12.6	6.5	Mountain Fuel Supply	458	14.8	19.0	602	9.0	10.2
Seaway Food Town	396	15.7	9.6	506	10.3	7.1	Univar	458	14.8	7.2	547	9.7	5.9
Digital Equipment	397	15.7	7.1	241	14.2	7.0	Wachovia	460	14.8	16.9	218	14.6	17.1
Oxford Industries	397	15.7	25.4	288	13.3	21.5	NL Industries	461	14.8	def	405	11.7	def
Citizens & Sthrn Ga	399	15.7	16.7	234	14.4	14.1	Ralston Purina	462	14.8	23.8	460	10.9	16.9
Wometco Enterprises	400	15.7	14.3	483	10.6	8.9	Wisconsin Pwr & Lt	462	14.8	16.5	731	7.5	8.2
McCormick	401	15.7	16.1	344	12.6	13.3	Alexander & Baldwin	464	14.8	13.5	501	10.4	9.5
Marsh Supermarkets	402	15.7	9.4	578	9.3	6.5	Revlon	465	14.7	7.6	332	12.7	6.4
Crown Central Petroleum	403	15.6	0.2	547	9.7	1.5	Ruddick	465	14.7	15.0	503	10.3	10.8
Archer Daniels Midland	404	15.6	8.5	354	12.4	7.4	Irving Bank	467	14.7	12.3	410	11.6	9.6
Gerber Products	405	15.6	15.8	256	14.0	13.2	Lowe's Companies	468	14.7	19.5	379	12.1	16.2
Witco Chemical	405	15.6	15.0	470	10.8	9.9	Pacific Lighting	468	14.7	15.7	606	8.9	9.7
Morrison-Knudsen	407	15.6	12.5	341	12.6	8.6	Bank of New York	470	14.7	16.2	284	13.5	15.2
A H Robins	408	15.6	17.8	236	14.3	16.6	CBS	470	14.7	11.1	347	12.5	9.3
Transamerica	409	15.6	12.5	536	9.9	7.3	Business Men's Assur	472	14.7	13.9	253	14.0	12.8
Iowa-Illinois G & E	410	15.6	18.3	739	7.4	7.9	Stanadyne	472	14.7	11.5	378	12.1	9.4
St Paul Cos	410	15.6	12.4	216	14.6	12.1	Stone Container	472	14.7	1.6	641	8.6	1.4
Public Service Indiana	412	15.6	16.1	715	7.7	7.5	Intl Multifoods	475	14.7	15.2	462	10.9	11.3
Saga	412	15.6	22.3	445	11.2	17.3	No States Power	475	14.7	17.5	775	7.1	8.1
J P Morgan	414	15.5	15.2	258	13.9	14.1	Aetna Life & Casualty	477	14.7	9.5	267	13.8	8.8
Quaker Oats	414	15.5	9.5	436	11.3	7.4	Continental Telecom	478	14.6	14.3	726	7.5	7.2
U S Bancorp	414	15.5	10.9	394	11.9	8.8	Southeast Banking	479	14.6	12.8	436	11.3	10.8
Datapoint	417	15.5	4.0	124	17.1	4.3	Heck's	480	14.6	6.3	543	9.7	6.2
Citicorp	418	15.5	17.1	516	10.1	9.1	Chemical New York	481	14.6	13.9	424	11.5	11.9
Mercantile Bancorp	419	15.5	13.1	366	12.3	11.0	Golden West Finl	481	14.6	48.3	333	12.7	39.6
Avery International	420	15.4	15.7	419	11.5	11.8	Johnson Controls	481	14.6	15.3	413	11.6	12.3
Bank of Boston	420	15.4	15.7	409	11.6	12.9	Indianapolis Pwr & Lt	484	14.6	16.4	746	7.4	8.2
Diversified Energies	422	15.4	15.0	517	10.1	10.0	NCR	484	14.6	13.5	313	12.9	12.3
United Illuminating	423	15.4	18.7	614	8.8	10.0	Rohm & Haas	486	14.6	16.5	442	11.2	12.8
Westinghouse Electric	424	15.4	12.8	270	13.7	12.1	Newmont Mining	487	14.6	4.9	531	9.9	3.7
First Interstate Bancp	425	15.4	12.7	345	12.6	10.5	Kidde	488	14.5	10.7	554	9.6	7.7
New England Electric	426	15.4	18.3	754	7.3	8.3	Natl Semiconductor	488	14.5	def	420	11.5	0.2
Brooklyn Union Gas	427	15.4	15.7	591	9.2	10.0	Commercial Metals	490	14.5	7.1	410	11.6	6.6
Dibrell Brothers	427	15.4	20.4	384	12.1	13.8	Dennison Mfg	491	14.5	13.2	331	12.7	11.4
Texaco	429	15.4	9.0	433	11.3	7.3	Manufacturers Hanover	491	14.5	14.0	417	11.5	9.8
Parker-Hannifin	430	15.4	7.9	327	12.8	6.9	May Dept Stores	493	14.5	16.3	524	10.0	10.7
Union Camp	431	15.4	10.7	461	10.9	7.0	InterFirst	494	14.5	def	354	12.4	def
McKesson	432	15.3	12.8	487	10.6	9.6	Provident Life & Acc	495	14.4	12.4	232	14.4	12.4
Gulf United	433	15.3	14.1	353	12.5	10.2	Blue Bell	496	14.4	11.1	321	12.8	9.7
Carpenter Technology	434	15.3	6.6	248	14.0	5.2	First Bank System	497	14.4	13.9	387	12.1	11.4
Xerox	435	15.3	10.0	277	13.6	10.1	American Family	498	14.4	13.7	374	12.2	8.8
Cincinnati Milacron	436	15.3	def	446	11.1	def	Southern Calif Edison	499	14.4	17.5	636	8.7	10.0
Southwest Bancshares	437	15.2	11.6	246	14.1	10.5	TECO Energy	499	14.4	15.0	785	6.9	7.1
North American Coal	438	15.2	23.1	824	6.4	6.4	Nash Finch	501	14.4	13.4	423	11.5	10.9
Texas American Bshs	439	15.2	12.9	281	13.5	11.2	Colgate-Palmolive	502	14.3	15.2	402	11.7	12.6
Dillard Dept Stores	440	15.1	20.8	575	9.3	12.8	Peoples Energy	503	14.3	11.7	753	7.3	6.5
Intl Minerals & Chem	440	15.1	8.4	494	10.5	6.5	Wisconsin Public Svc	503	14.3	16.6	758	7.2	8.1

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
GTE	505	14.3%	15.6%	728	7.5%	7.8%
Ethyl	506	14.3	12.5	514	10.2	8.7
Northrop	506	14.3	14.8	316	12.9	13.4
Royal Crown Cos	508	14.3	14.1	484	10.6	10.7
Honeywell	509	14.3	10.6	441	11.2	8.4
Kansas Power & Light	509	14.3	16.5	736	7.5	8.3
Sun Banks	511	14.2	14.6	311	12.9	12.9
Best Products	512	14.2	12.8	579	9.3	6.6
Chase Manhattan	513	14.2	13.2	455	11.0	10.8
George A Hormel	514	14.2	9.9	396	11.8	6.9
Capital Holding	515	14.2	14.0	272	13.7	11.8
Ogden	516	14.2	10.2	632	8.7	7.5
U S Home	516	14.2	10.7	726	7.5	5.4
Federated Dept Stores	518	14.2	14.6	408	11.6	11.4
Gordon Jewelry	519	14.2	9.2	379	12.1	8.1
Wells Fargo	520	14.1	12.5	453	11.0	9.5
MGM/UA Entertainment	521	14.1	13.1	494	10.5	7.2
Travelers	521	14.1	11.2	274	13.7	11.1
Commonwealth Energy	523	14.1	19.1	796	6.8	8.3
Consol Natural Gas	524	14.1	15.2	648	8.5	9.0
Insilco	524	14.1	13.4	585	9.2	9.1
Frontier Holdings	526	14.1	def	557	9.6	def
Corestates Financial	527	14.0	16.5	414	11.6	15.7
Kerr-McGee	528	14.0	10.4	565	9.5	6.7
USLIFE	528	14.0	10.8	431	11.4	9.0
Maryland National	530	14.0	12.6	397	11.8	10.4
Norfolk Southern	530	14.0	8.5	633	8.7	5.8
Arizona Public Service	532	14.0	15.0	625	8.7	9.0
Greyhound	533	14.0	10.3	510	10.2	8.5
Rose's Stores	534	14.0	21.3	362	12.4	18.9
PPG Industries	535	13.9	12.1	499	10.4	8.9
Quaker State Oil	535	13.9	13.2	553	9.6	9.2
Ex-Cell-O	537	13.9	11.6	393	11.9	10.0
Stanley Works	538	13.9	11.2	398	11.8	9.7
General Host	539	13.9	13.1	665	8.3	7.6
N Y State Elec & Gas	540	13.8	14.3	662	8.3	8.5
Earle M Jorgensen	541	13.8	3.5	385	12.1	3.7
Illinois Power	542	13.8	16.5	731	7.5	8.2
Duke Power	543	13.8	14.6	731	7.5	7.8
Milton Bradley	544	13.8	2.0	376	12.2	2.6
Allegheny Power	545	13.8	15.4	747	7.4	7.9
Long Island Lighting	546	13.7	15.0	597	9.1	9.7
Kay	547	13.6	3.0	660	8.3	4.6
Wisconsin Elec Power	547	13.6	15.6	739	7.4	8.5
Coastal Corp	549	13.6	16.6	738	7.5	7.3
Columbia Gas System	550	13.6	10.8	702	7.8	6.7
Perini	550	13.6	14.2	458	10.9	9.7
Zayre	552	13.6	17.2	568	9.4	11.6
Rainier Bancorp	553	13.6	12.1	373	12.2	10.8
Squibb	553	13.6	15.0	467	10.8	12.2
Harcourt Brace Jovan	555	13.6	15.2	560	9.6	9.8
Dow Chemical	556	13.5	4.9	608	8.9	4.9
Gulf States Utils	556	13.5	16.0	721	7.6	8.9
MidCon	556	13.5	12.1	639	8.6	8.0
E I du Pont	559	13.5	9.2	420	11.5	7.4
Borg-Warner	560	13.5	12.1	370	12.3	10.9
Data General	560	13.5	4.9	390	12.0	5.2
Union Electric	562	13.5	17.2	804	6.7	7.5
Montana Power	563	13.5	14.6	690	8.0	7.5
Niagara Mohawk Power	563	13.5	15.6	689	8.0	8.9
Alcan Aluminium	565	13.5	0.7	564	9.5	1.9
Seagram	565	13.5	8.7	526	10.0	7.3
Smith International	565	13.5	def	420	11.5	def
Cleveland Elec Illum	568	13.4%	15.9%	701	7.8%	8.6%
Pay'n Save	569	13.4	13.3	529	10.0	9.2
Union Pacific	570	13.4	9.4	642	8.6	5.5
Safeway Stores	571	13.4	14.5	629	8.7	8.9
BankAmerica	572	13.4	7.7	439	11.3	7.7
Orange & Rockland	573	13.3	14.1	744	7.4	7.9
Pacific Pwr & Lt	573	13.3	15.3	695	7.9	8.4
Joy Manufacturing	575	13.3	0.6	426	11.5	1.0
Harsco	576	13.3	7.1	444	11.2	6.4
Donaldson, Lufkin	577	13.3	13.6	402	11.7	10.7
First Wisconsin	577	13.3	12.8	451	11.0	11.5
Frederick & Herrud	577	13.3	20.7	576	9.3	12.4
Consolidated Edison	580	13.3	15.3	723	7.6	8.9
Dresser Industries	581	13.2	0.1	447	11.1	0.9
Federal Paper Board	581	13.2	4.3	706	7.8	4.3
Kansas City Pwr & Lt	583	13.2	17.6	818	6.5	7.6
Laclede Gas	584	13.2	12.3	719	7.6	7.5
North Amer Philips	585	13.2	11.2	587	9.2	7.8
United States Gypsum	586	13.2	9.7	541	9.8	7.6
Meilon National	587	13.2	13.0	429	11.4	12.1
Norton	588	13.2	4.9	438	11.3	5.0
Pacific Gas & Elec	588	13.2	14.0	644	8.5	8.8
CFS Continental	590	13.1	14.8	565	9.5	10.7
Hoover Universal	591	13.1	17.2	546	9.7	12.2
Beatrice Foods	592	13.1	15.3	490	10.6	11.8
PSA	593	13.1	def	655	8.4	0.7
San Diego Gas & Elec	593	13.1	16.7	624	8.8	10.3
Amsted Industries	595	13.1	def	335	12.7	def
City Investing	596	13.0	9.7	591	9.2	8.5
Gt Northern Nekoosa	596	13.0	8.7	583	9.3	6.2
American District	598	13.0	13.7	579	9.3	9.4
Wetterau	599	13.0	14.6	515	10.2	10.3
Central Ill Pub Svc	600	13.0	15.4	794	6.8	7.4
Cincinnati G & E	600	13.0	15.2	735	7.5	7.9
Diamond Shamrock	602	12.9	7.4	623	8.8	5.7
Gulf Oil	602	12.9	9.3	502	10.3	6.9
Torchmark	602	12.9	13.6	372	12.3	11.8
Norwest	605	12.9	10.4	511	10.2	6.9
K mart	606	12.9	15.2	576	9.3	10.3
Central Illinois Lt	607	12.9	14.7	849	6.0	6.5
Dayton Power & Light	608	12.9	14.3	691	8.0	8.4
Amstar	609	12.8	7.8	544	9.7	6.5
Hercules	609	12.8	11.4	508	10.3	10.2
National City	609	12.8	11.9	366	12.3	10.4
Super Food Services	609	12.8	19.3	615	8.8	10.0
Monfort of Colorado	613	12.8	30.6	596	9.1	20.7
Borden	614	12.8	13.3	563	9.5	9.9
Federal Co	615	12.8	12.8	417	11.5	11.6
Houston Industries	616	12.8	15.7	763	7.2	8.0
FMC	617	12.8	12.1	582	9.3	8.6
Potomac Elec Power	618	12.8	14.7	775	7.1	7.7
So New England Tel	618	12.8	14.4	749	7.3	7.9
Westvaco	620	12.7	8.2	601	9.0	6.4
Eastern Gas & Fuel	621	12.7	7.7	709	7.7	5.2
Florida Power & Lt	621	12.7	13.9	811	6.6	6.9
Becton, Dickinson	623	12.7	6.2	477	10.7	5.2
International Paper	624	12.6	5.8	587	9.2	5.1
Rochester Gas & Elec	624	12.6	14.9	704	7.8	8.8
Echlin	626	12.6	14.5	471	10.7	11.9
McDonnell Douglas	626	12.6	13.5	348	12.5	13.3
Baltimore Gas & Elec	628	12.6	14.4	763	7.2	7.9
National Can	629	12.6	5.5	598	9.1	4.8
Central Steel & Wire	630	12.5	10.3	365	12.3	10.1

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def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months	Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Fidelcor	630	12.5%	21.0%	486	10.6%	17.4%	Shawmut	693	11.4%	10.6%	463	10.8%	9.9%
Holiday Inns	630	12.5	12.6	511	10.2	10.0	Sherwin-Williams	695	11.4	15.2	712	7.7	10.7
Continental Group	633	12.5	9.5	619	8.8	6.9	Lincoln National	696	11.3	10.6	508	10.3	9.4
Penn Power & Light	634	12.5	12.6	786	6.9	6.7	Parker Pen	697	11.3	def	434	11.3	def
Time Inc	634	12.5	10.6	522	10.1	8.5	Collins & Aikman	698	11.3	16.5	612	8.9	12.3
Delmarva Power & Lt	636	12.5	15.2	749	7.3	8.2	Centerre Bancorp	699	11.3	7.3	492	10.5	6.5
Allied Stores	637	12.5	13.8	604	9.0	9.0	Public Service Colo	700	11.3	11.7	802	6.7	6.8
Oklahoma Gas & Elec	638	12.4	15.4	806	6.6	7.7	McGraw-Edison	701	11.2	6.8	524	10.0	6.4
Life Investors	639	12.4	11.1	404	11.7	10.3	Levitz Furniture	702	11.2	12.2	699	7.8	8.5
Carolina Pwr & Lt	640	12.4	12.9	796	6.8	6.8	Ferro	703	11.2	8.5	533	9.9	7.1
Middle South Utils	641	12.4	13.0	771	7.1	7.5	Comerica	704	11.2	10.8	465	10.8	11.1
Portland Genl Elec	641	12.4	12.8	703	7.8	8.6	Dana	704	11.2	6.6	556	9.6	6.4
American Tel & Tel	643	12.3	10.2	744	7.4	6.5	Colonial Penn Group	706	11.1	13.3	448	11.1	13.3
Thriftimart	643	12.3	7.5	494	10.5	6.7	Hyster	707	11.1	0.1	554	9.6	0.5
Economics Laboratory	645	12.3	def	519	10.1	def	Union Carbide	707	11.1	4.3	683	8.1	3.8
West Point-Pepperell	646	12.3	13.3	536	9.9	10.8	Easco	709	11.1	9.0	657	8.4	6.5
Society	647	12.3	12.4	448	11.1	10.7	Louisville Gas & Elec	710	11.0	12.5	840	6.2	6.4
Toledo Edison	647	12.3	14.5	721	7.6	8.1	Penn Central	710	11.0	5.8	660	8.3	5.4
Penn Traffic	649	12.2	13.0	559	9.6	9.6	Burlington Northern	712	11.0	13.0	697	7.9	9.3
Jefferson-Pilot	650	12.2	9.9	379	12.1	9.9	Godfrey	713	11.0	6.1	686	8.1	6.0
Southern Company	651	12.2	14.1	841	6.1	6.6	ARA Services	714	10.9	10.2	629	8.7	8.5
Interco	652	12.2	9.2	454	11.0	8.5	Duquesne Light	715	10.9	12.4	820	6.5	6.9
NICOR	653	12.2	3.0	777	7.1	2.9	Intl Tel & Tel	716	10.9	10.1	612	8.9	8.5
Commonwealth Edison	654	12.2	16.7	800	6.7	8.1	Strawbridge & Clothier	716	10.9	12.9	678	8.1	9.0
Stauffer Chemical	655	12.2	def	604	9.0	0.5	Cone Mills	718	10.9	4.8	523	10.0	4.8
Utah Power & Light	656	12.1	13.6	742	7.4	7.5	American Elec Power	719	10.8	10.7	782	7.0	6.6
So Carolina E & G	657	12.1	13.2	828	6.3	6.6	Gould	720	10.8	8.2	627	8.7	7.1
Florida Progress	658	12.1	14.1	838	6.2	6.6	DeSoto	721	10.8	13.9	600	9.0	11.5
H J Wilson	658	12.1	5.3	609	8.9	5.2	Detroit Edison	721	10.8	13.0	852	6.0	6.2
Continental Illinois	660	12.1	6.8	487	10.6	6.5	Moore McCormack Res	721	10.8	1.7	736	7.5	3.2
National Fuel Gas	661	12.1	10.2	704	7.8	7.1	California First Bnk	724	10.8	8.1	627	8.7	8.0
Crown Cork & Seal	662	12.1	7.9	485	10.6	6.9	Washington National	725	10.8	7.3	529	10.0	7.1
Atlantic City Elec	663	12.0	14.9	773	7.1	8.0	Walt Disney	726	10.8	7.2	551	9.7	5.8
Hartmarx	664	12.0	13.7	499	10.4	11.2	AmeriTrust	727	10.8	9.6	469	10.8	9.6
Boston Edison	665	12.0	12.2	857	5.8	6.0	Carson Pirie Scott	728	10.7	11.7	682	8.1	8.3
Northeast Utilities	665	12.0	17.3	796	6.8	8.4	Washington Gas Light	729	10.7	13.2	814	6.5	7.0
J C Penney	667	11.9	12.6	562	9.5	9.8	Stewart & Stevenson	730	10.7	6.9	629	8.7	5.7
Trane	667	11.9	9.1	545	9.7	7.1	Associated Dry Goods	731	10.6	12.9	551	9.7	10.5
Transway Intl	669	11.9	7.2	506	10.3	6.7	Alcoa	732	10.6	def	675	8.2	1.8
American Natl Ins	670	11.8	11.5	400	11.8	11.5	Magic Chef	733	10.6	18.5	610	8.9	13.3
Phila Electric	671	11.8	13.8	810	6.6	7.2	Kentucky Utilities	734	10.5	13.1	817	6.5	7.6
Avco	672	11.8	7.1	815	6.5	6.3	Control Data	735	10.5	8.8	787	6.9	6.3
Ceco	672	11.8	9.1	550	9.7	7.6	Farm House Foods	736	10.5	1.3	570	9.4	6.8
Ohio Edison	672	11.8	13.4	762	7.2	7.6	Southern Pacific	737	10.5	22.7	781	7.0	13.1
Household Intl	675	11.8	13.5	792	6.8	7.3	Hammermill Paper	738	10.4	4.4	791	6.8	3.1
Pub Svc Elec & Gas	676	11.8	13.0	803	6.7	7.3	Monsanto	739	10.4	9.2	729	7.5	6.8
Ryan Homes	677	11.8	15.1	505	10.3	12.2	Scovill	740	10.4	12.9	670	8.3	9.8
Tribune	678	11.7	10.3		**	6.7	Santa Fe Industries	741	10.4	7.5	771	7.1	5.1
Liquid Air	679	11.7	8.3	594	9.1	6.1	National Gypsum	742	10.4	7.8	678	8.1	6.4
White Consolidated	679	11.7	8.5	649	8.5	7.2	UGI	742	10.4	1.2	765	7.2	3.1
Allied Corp	681	11.6	9.0	673	8.2	7.4	GATX	744	10.4	4.3	873	5.3	3.9
NBD Bancorp	682	11.6	10.7	474	10.7	10.0	Riegel Textile	745	10.3	5.4	700	7.8	4.6
Crocker National	683	11.6	5.3	579	9.3	5.4	Sperry	746	10.3	6.1	651	8.4	5.4
Puget Sound Pwr & Lt	684	11.6	10.1	778	7.0	6.2	Fieldcrest Mills	747	10.3	9.3	668	8.3	7.8
Signal Cos	685	11.5	3.4	573	9.4	4.0	DEKALB AgResearch	748	10.2	3.5	731	7.5	2.3
Morse Shoe	686	11.5	15.0	527	10.0	11.5	Textron	749	10.2	6.7	611	8.9	6.4
American Cyanamid	687	11.5	9.7	606	8.9	7.9	Cluett, Peabody	750	10.2	11.8	637	8.6	9.3
Corning Glass Works	687	11.5	9.7	538	9.9	7.3	Gulf & Western Inds	750	10.2	def	812	6.6	def
Consumers Power	689	11.4	11.2	821	6.4	6.6	Michigan National	752	10.2	8.2	633	8.7	7.8
Fleetwood Enterprises	690	11.4	31.9	442	11.2	31.0	Scott Paper	752	10.2	6.2	698	7.8	5.2
Munford	690	11.4	13.6	742	7.4	10.1	Texas Instruments	754	10.1	def	493	10.5	def
Warner-Lambert	692	11.4	16.9	687	8.0	10.2	Dominion Resources	755	10.1	11.1	825	6.4	6.6
Foxboro	693	11.4	3.1	487	10.6	3.2	Manufacturers National	755	10.1	12.5	583	9.3	11.6

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. **Not available; not ranked.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
RCA	757	10.1%	8.4%	602	9.0%	7.8%
Northern Trust	758	10.0	6.4	585	9.2	6.2
Anderson, Clayton	759	10.0	4.8	542	9.8	5.3
Arden Group	760	10.0	6.4	766	7.1	6.0
Cessna Aircraft	761	10.0	def	622	8.8	def
Marine Midland Banks	761	10.0	10.7	668	8.3	8.4
Yellow Freight System	763	10.0	16.8	758	7.2	11.6
Sears, Roebuck	764	9.9	13.3	587	9.2	10.9
Dorsey	765	9.9	13.6	741	7.4	10.2
Ingersoll-Rand	766	9.9	def	683	8.1	0.3
Willamette Inds	767	9.9	5.5	678	8.1	4.7
Weyerhaeuser	768	9.8	3.4	720	7.6	3.7
ACF Industries	769	9.8	0.2	837	6.2	2.4
LTV	769	9.8	def	888	5.0	def
National Distillers	769	9.8	4.4	678	8.1	4.5
WICOR	772	9.7	9.0		**	**
Zale	773	9.7	5.0	595	9.1	5.4
Raymond Intl	774	9.6	9.9	633	8.7	9.1
Colt Industries	775	9.6	17.6	729	7.5	14.6
Hawaiian Electric	776	9.6	8.3	848	6.0	5.7
Bemis	777	9.6	6.0	766	7.1	5.5
Grumman	778	9.6	18.2	665	8.3	11.9
CSX	779	9.6	4.1	805	6.6	4.0
Central Soya	780	9.5	8.3	713	7.7	6.9
City Federal S & L	781	9.5	21.7	558	9.6	21.2
Atlanta Gas Light	782	9.5	10.3	839	6.2	6.8
Eagle-Picher Inds	783	9.5	5.5	691	8.0	5.2
First Chicago	784	9.4	11.6	643	8.6	9.9
Berkshire Hathaway	785	9.4	7.7	572	9.4	8.0
Black & Decker	786	9.4	9.5	654	8.4	6.6
ASARCO	787	9.4	2.2	653	8.4	3.7
Roper Corp	787	9.4	14.9	756	7.2	11.0
Carter Hawley Hale	789	9.3	8.0	825	6.4	5.9
Pueblo International	789	9.3	7.6	773	7.1	6.0
Harris Bankcorp	791	9.3	8.7	616	8.8	8.2
SCM	792	9.2	3.0	758	7.2	3.4
BanCal Tri-State	793	9.2	13.7	713	7.7	11.8
Butler Manufacturing	794	9.2	def	673	8.2	0.2
Equitable of Iowa	795	9.1	8.9	652	8.4	8.8
Springs Industries	796	9.1	8.0	688	8.0	7.3
Williams Cos	797	9.1	2.4	858	5.8	2.5
Ideal Basic Inds	798	9.1	3.6	841	6.1	2.8
Shopwell	799	9.0	10.5	801	6.7	7.7
Champion Spark Plug	800	9.0	5.8	650	8.5	5.6
Continental Corp	801	9.0	1.9	646	8.5	2.0
Pennwalt	801	9.0	6.2	768	7.1	6.0
Adolph Coors	803	9.0	10.8	671	8.2	9.6
Potlatch	804	8.9	5.2	808	6.6	4.2
Pac Gamble Robinson	805	8.9	6.3	717	7.7	6.4
Robertshaw Controls	806	8.8	11.8	748	7.3	9.5
Owens-Corning Fbrgls	807	8.8	9.8	761	7.2	7.3
Goodyear	808	8.8	7.0	751	7.3	7.0
Allegheny Intl	809	8.8	def	707	7.7	2.9
Phillips-Van Heusen	809	8.8	11.9	725	7.6	10.2
Gifford-Hill	811	8.7	1.2	696	7.9	4.1
King Kullen Grocery	812	8.7	11.1	677	8.1	10.2
Varian Associates	813	8.6	15.2	715	7.7	12.9
Owens-Illinois	814	8.6	2.6	827	6.3	2.9
McDermott Intl	815	8.6	7.4	830	6.3	6.0
Georgia-Pacific	816	8.5	2.0	855	5.9	2.4
No Indiana Pub Svc	817	8.4	10.5	869	5.4	6.0
St Regis	817	8.4	def	822	6.4	0.5
Rexnord	819	8.4	2.4	718	7.7	3.1
Amfac	820	8.4%	def	833	6.3%	def
Boise Cascade	821	8.4	3.8%	789	6.9	4.2%
Research-Cottrell	822	8.3	4.2	676	8.2	4.7
Lone Star Industries	823	8.3	def	707	7.7	1.3
Armstrong World Inds	824	8.3	9.1	768	7.1	7.6
Jim Walter	824	8.3	10.2	844	6.1	6.8
Deere	826	8.3	def	780	7.0	0.2
IC Industries	827	8.3	4.6	863	5.5	4.2
Amer Maize-Products	828	8.3	3.2	792	6.8	3.8
Delta Air Lines	829	8.2	def	868	5.5	def
Champion Intl	830	8.2	3.5	853	6.0	3.4
Mead	830	8.2	def	799	6.7	1.3
Celanese	832	8.2	3.1	830	6.3	3.2
Olin	833	8.2	6.9	819	6.5	5.7
Athlone Industries	834	8.2	def	789	6.9	1.4
Midland-Ross	834	8.2	def	709	7.7	def
Stewart-Warner	836	8.0	2.2	694	7.9	2.2
Burroughs	837	8.0	9.0	755	7.3	7.2
Di Giorgio	838	8.0	5.4	835	6.2	4.8
Fisher Foods	839	8.0	3.4	881	5.2	3.4
G C Murphy	840	7.9	11.1	830	6.3	8.2
Arvin Industries	841	7.9	7.8	815	6.5	6.6
Ampco-Pittsburgh	842	7.9	def	539	9.8	1.7
Outboard Marine	842	7.9	11.8	788	6.9	9.8
El Paso	844	7.9	14.4	879	5.2	7.0
UMC Industries	845	7.9	2.1	783	6.9	3.2
Hoover	846	7.7	12.7	888	5.0	10.2
Timken	847	7.7	def	756	7.2	def
Gas Service	848	7.6	3.6	869	5.4	3.8
Burlington Inds	849	7.5	7.7	843	6.1	6.3
Barnes Group	850	7.4	def	778	7.0	def
Longview Fibre	851	7.4	4.6	723	7.6	4.6
Brockway Inc (NY)	852	7.3	4.5	847	6.0	4.2
Interlake	853	7.2	3.6	835	6.2	4.0
Skyline	854	7.2	6.9	768	7.1	6.8
Amdahl	855	7.1	8.4	752	7.3	7.9
Anchor Hocking	856	7.1	def	849	6.0	0.1
Crane	856	7.1	def	866	5.5	def
BancOhio	858	6.9	4.8	795	6.8	5.2
Bangor Punta	859	6.8	def	885	5.1	def
General Motors	860	6.7	14.2	829	6.3	11.8
Kellwood	861	6.6	15.4	784	6.9	13.0
M Lowenstein	862	6.6	10.5	846	6.1	8.3
Copperweld	863	6.6	def	860	5.7	def
AMF	864	6.5	def	871	5.4	def
Louisiana-Pacific	864	6.5	2.7	898	3.6	2.1
Caterpillar Tractor	866	6.5	def	807	6.6	def
Dayco	867	6.5	1.8	886	5.0	2.9
Walter E Heller Intl	868	6.4	def	845	6.1	3.5
Manhattan Industries	869	6.4	12.9	854	5.9	8.9
Armstrong Rubber	870	6.4	13.1	834	6.3	10.0
Genl Tire & Rubber	871	6.4	6.0	862	5.5	5.5
Reichhold Chemicals	872	6.3	8.4	878	5.2	6.1
Western Union	873	6.1	9.1	849	6.0	7.2
Kaiser Alum & Chem	874	6.0	def	890	4.9	def
Bucyrus-Erie	875	5.9	def	856	5.8	def
Acme-Cleveland	876	5.9	def	887	5.0	def
Sheller-Globe	877	5.9	10.2	880	5.2	7.4
Avondale Mills	878	5.6	12.2	876	5.3	10.5
Cummins Engine	879	5.6	def	883	5.1	def
Amerace	880	5.5	def	906	4.4	def
Castle & Cooke	881	5.5	2.8	872	5.4	3.9
Libbey-Owens-Ford	882	5.4	4.8	859	5.8	5.3

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. **Not available; not ranked.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Reynolds Metals	883	5.3%	def	914	4.1%	def
Northwestern Steel	884	5.1	def	881	5.2	def
Koppers	885	5.1	0.5%	873	5.3	2.8%
Bell & Howell	886	5.1	19.2	894	4.7	14.5
Eaton	887	5.0	2.0	910	4.3	3.7
Primark	888	4.9	5.3	921	3.9	4.4
Pittston	889	4.7	def	900	4.6	def
Polaroid	890	4.5	3.7	893	4.8	4.1
Allen Group	891	4.5	def	895	4.7	2.3
AMAX	892	4.4	def	866	5.5	def
Macmillan	893	4.4	15.2	901	4.5	13.0
F W Woolworth	893	4.4	14.1	911	4.2	10.4
American Can	895	4.3	6.7	912	4.2	6.5
H F Ahmanson	896	4.2	12.6	917	4.0	11.6
Beneficial Corp	897	4.1	9.1	884	5.1	5.9
Zenith Radio	897	4.1	5.9	904	4.5	5.5
Crown Zellerbach	899	3.9	2.8	914	4.1	4.1
Genesco	900	3.9	def	896	4.7	3.7
Fruehauf	901	3.8	def	901	4.5	1.2
Scot Lad Foods	902	3.8	def	907	4.4	2.3
B F Goodrich	903	3.7	def	892	4.8	2.3
Del E Webb	904	3.7	0.7	873	5.3	3.9
Oak Industries	905	3.6	def	644	8.5	def
Sybron	906	3.5	def	905	4.4	def
Savin	907	3.5	def	434	11.3	def
J P Stevens	908	3.4	2.9	919	3.9	3.6
Manville	909	3.3	9.4	909	4.3	6.8
Cyclops	910	3.2	def	922	3.8	def
Northwest Airlines	911	3.2	4.2	947	2.4	3.4
General Public Utils	912	3.1	3.2	922	3.8	3.8
U S Industries	913	3.1	7.8	925	3.6	6.8
Phelps Dodge	914	2.9	def	940	2.9	def
Firestone	915	2.8	7.3	932	3.1	5.7
Gt Western Financial	916	2.8	5.6	918	3.9	6.1
Chromalloy American	917	2.7	def	903	4.5	0.9
Dravo	918	2.7	def	908	4.4	def
Clark Equipment	919	2.4	3.1	946	2.6	3.8
Kane-Miller	920	2.3	def	928	3.3	def
Foodarama Supermkts	921	2.2	3.8	914	4.1	5.4
Peabody Intl	922	2.2	6.2	913	4.1	5.5
A O Smith	923	2.1	2.2	930	3.2	3.7
Mohasco	924	1.9	3.0	942	2.8	3.3
Hanna Mining	925	1.8	def	949	2.1	def
Southwest Forest Inds	926	1.7	def	864	5.5	0.5
Kaufman & Broad	927	1.7	0.9	938	3.0	4.0
Lukens	928	1.6	def	934	3.0	def
Amer Hoist & Derrick	929	1.6	def	944	2.7	def
Kerr Glass Mfg	930	1.5	def	899	4.6	def
Borman's	931	1.5	0.8	931	3.1	2.5
Alexander's	932	1.4	7.9	945	2.7	5.3
National-Standard	933	1.3	def	955	1.6	def
United States Steel	934	1.1	def	922	3.8	def
Nashua	935	1.0	def	937	3.0	def
CertainTeed	936	0.6	8.2	941	2.8	7.1
Westmoreland Coal	937	0.4	4.5	948	2.1	5.1
Mack Trucks	938	0.1	def	943	2.8	def
AMR	939	def	9.9	936	3.0	6.8
Jonathan Logan	940	def	13.3	963	0.9	11.8
Toro	941	def	1.4	891	4.8	4.8
Inland Steel	942	def	def	958	1.1	def
Trans World	943	def	def	920	3.9	3.6
Chic Pneumatic Tool	944	def	def	934	3.0	def
Uniroyal	945	def	4.8	951	1.8	4.7
Fedl Natl Mortgage	946	def	5.1%	876	5.3%	5.5%
Graniteville	947	def	def	962	1.0	def
UAL	948	def	2.0	954	1.6	3.8
Republic Steel	949	def	def	965	0.0	def
Armco	950	def	def	964	0.1	def
Ford Motor	951	def	14.0	966	def	10.4
Evans Products	952	def	def	865	5.5	def
Gibraltar Financial	953	def	21.0	961	1.0	18.9
Singer	954	def	0.1	952	1.7	3.0
Ramada Inns	955	def	def	927	3.3	4.3
Cook United	956	def	def	933	3.0	0.7
Kaiser Steel	957	def	def	970	def	0.8
Gulf Resources & Chem	958	def	11.8	950	2.0	7.3
Talley Industries	959	def	7.6	953	1.7	7.2
Wheeling-Pitts Steel	960	def	def	959	1.1	def
Interstate Bakeries	961	def	def	960	1.1	def
Marion	962	def	def	897	4.7	def
Mattel	963	def	def	929	3.2	def
National Intergroup	964	def	def	975	def	def
GAF	965	def	def	974	def	3.2
American Bakeries	966	def	def	976	def	def
Keystone Consolidated	967	def	def	981	def	def
Inco	968	def	def	970	def	def
Great Atl & Pac Tea	969	def	8.0	978	def	6.5
Wilson Foods	970	def	def	980	def	def
Bird	971	def	def	983	def	def
NVF	972	def	def	861	5.6	def
Baldwin-United	973	def	def	823	6.4	def
First Pennsylvania	974	def	def	972	def	2.7
Bethlehem Steel	975	def	def	989	def	def
United Brands	976	def	def	987	def	def
Harnischfeger	977	def	def	985	def	def
United Merch & Mfrs	978	def	def	973	def	1.4
Allis-Chalmers	979	def	def	988	def	def
Tiger International	980	def	def	956	1.5	def
Pan Am World Airways	981	def	def	978	def	def
Eastern Air Lines	982	def	def	957	1.3	def
HRT Industries	983	def	def	969	def	def
Revere Copper	984	def	def	982	def	def
General Refractories	985	def	def	990	def	def
Pettibone	986	def	def	984	def	def
Intl Harvester	987	def	def	992	def	def
American Motors	988	def	def	993	def	def
Western Air Lines	989	def	def	977	def	def
Texas Air	990	def	def	939	2.9	def
Republic Airlines	991	def	def	968	def	def
AM International	992	def	NE	995	def	12.7
Wickes Cos	993	def	def	986	def	def
Massey-Ferguson	994	def	def	994	def	def
Chrysler	995	def	NE	991	def	11.8
Rath Packing	996	def	def	996	def	def
Allied Supermarkets	997	def	4.0	926	3.5	5.9
Pantry Pride	998	def	NE	967	def	6.3
American President		**	**		**	**
Calif Federal S&L		**	**		**	**
CIGNA		**	9.4		**	8.9
Glendale Federal S&L		**	**		**	**
Gulfstream Aerospace		**	67.5		**	30.8
Home Federal S&L-Cal		**	**		**	**
Imperial Corp of Am		**	def		**	def
Masonite		**	9.8		**	8.7
Pabst Brewing		**	**		**	**
RLC		**	6.9		**	5.5

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit. NE: negative equity. **Not available; not ranked.

American corporate earnings and sales should start growing again, but the pecking order has changed. Forbes ranks 1,008 firms for five-year averages and latest 12 months' growth.

Who's where in growth

UNEASY LIES THE CROWN. For the year 1982 Apple Computer was number one in earnings growth in the Forbes Annual Report. Still going strong, Apple Computer was number five for 1983. This was no mean accomplishment: The Annual Report covers more than 1,000 large U.S. companies (1,008, to be precise). Can Apple stay out front? It won't be easy to maintain the pace that you need to stay with the frontrunners in this kind of competition. For how many years, after all, can you go on doubling your earnings as Apple has?

Top position this year goes to McLean Industries. Run by Malcolm McLean, the pioneer of containerized shipping, this is the holding company for U.S. Lines and Moore McCormack Lines. Shopwell, a New York-based supermarket chain, ranks second, helped by a surge in earnings in 1982 and losses in prior years. But note that Shopwell ranks only 648 on five-year sales growth. Unlike some of its furiously expanding rivals, Shopwell's growth in earnings stems largely from the improved margins and greater efficiencies that resulted from renovating existing stores.

Who else is on top? CNA Financial; ROLM, a manufacturer of sophisticated telecommunications equipment; Beverly Enterprises, a provider of nursing homes and other health care services; textile firm M. Lowenstein. A textile firm? Certainly, because remember this: Earnings growth can come from an improvement in margins as well as from superfast growth in revenues. Others on top: NIKE, a footwear manufacturer, and First Executive, an insurance holding company.

This year two energy-related firms, Global Marine and Valero Energy, are among the top ten in five-year earnings growth. But this is not really a sign of a turnaround in oil. Since we are dealing with five-year averages, these two outfits were carried into the top ranks on the strength of how well they did in 1980 and 1981.

In 1982 only 14 of the 40 fastest-growing companies could be characterized as old-line manufacturing or basic transportation firms. This trend continued in 1983. Only 8 of the top 40 growth performers belonged to Smokestack America. Most of the laurels went to financial services, marketing, and computer and electronics companies.

This distribution of growth patterns is hardly surprising, considering that, while heavy industry was at near depression levels, the newer parts of the economy virtually ignored the recession. Meanwhile, the industries that made America great have been pruning, restructuring and writing off outmoded assets.

Predicting the future is a risky business, but we'll venture to suggest that, once the pruning and modernizing is over, heavy industry will make a spectacular comeback on the Growth Yardsticks—especially for earnings growth. The economy was ever thus, for no trend lasts forever.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
McLean Industries	1	386.3%	30.6%	564	12.1%	27.4%	Hospital Corp of Am	64	26.1%	54.0%	34	34.7%	52.1%
Shopwell	2	163.0	41.1	648	10.6	16.5	Savannah Foods	65	26.0	47.6	883	5.7	2.5
First Executive	3	108.7	75.7	2	91.8	21.3	Merrill Lynch	66	25.7	62.3	63	29.2	45.3
CNA Financial	4	105.3	21.8	763	8.4	6.7	Brown-Forman Dist	67	25.6	34.0	404	15.0	15.1
Apple Computer	5	98.3	92.0	1	122.3	184.9	General Dynamics	68	25.5	80.2	340	16.3	34.8
Global Marine	6	86.5	–13.3	80	27.5	34.6	Cullum Companies	69	25.3	6.6	483	13.4	17.6
Beverly Enterprises	7	74.6	34.0	18	43.5	93.3	Berkshire Hathaway	70	25.0	55.0	492	13.2	5.2
M Lowenstein	8	72.9	40.7	976	1.8	–5.9	EG&G	71	25.0	26.4	202	20.0	21.9
NIKE	9	71.6	84.5	3	71.9	85.9	Resorts Intl	72	24.9	5.6	43	32.8	23.4
Valero Energy	10	67.6	–27.4	423	14.4	–23.7	ServiceMaster Inds	73	24.8	37.0	156	22.2	32.7
Student Loan Mktg	11	66.9	105.4	7	64.6	41.0	VF	74	24.8	86.2	571	12.0	40.9
Subaru of America	12	65.3	68.1	42	33.0	18.7	M/A-Com	75	24.6	–17.6	16	46.0	34.2
Fin Corp of America	13	61.2	303.3	9	58.3	195.5	General Cinema	76	24.6	158.7	433	14.2	11.6
ROLM	14	57.9	4.1	5	65.9	74.7	Teledyne	77	24.5	–27.7	788	7.9	–4.9
Federal Express	15	51.4	51.9	13	50.8	80.8	Natl Convenience Stores	78	24.4	31.3	217	19.6	27.0
Wang Laboratories	16	50.3	80.6	12	51.4	92.8	Wendy's International	79	24.3	25.7	20	42.0	39.7
Caesars World	17	50.3	P–D	57	29.8	4.0	Walgreen	80	24.1	48.4	696	9.8	33.3
Comdisco	18	49.9	148.4	38	33.5	57.0	Allegheny Beverage	81	23.9	38.1	80	27.5	51.7
Metromedia	19	48.5	–38.3	648	10.6	14.2	Murphy Oil	82	23.9	–5.5	318	16.9	8.4
Humana	20	47.1	66.1	37	33.9	33.2	Boeing	83	23.8	–23.7	295	17.8	15.7
Standard Oil Ohio	21	43.3	–12.2	82	27.5	–6.3	Control Data	84	23.7	–1.9	481	13.4	10.3
Fuqua Industries	22	42.0	457.6	370	15.6	–28.5	Midlantic Banks	85	23.5	20.2	151	22.5	19.3
Bergen Brunswig	23	40.6	35.6	211	19.8	65.2	Peoples Drug Stores	86	23.5	40.6	438	14.1	25.9
Pulte Home	24	39.4	208.5	39	33.3	95.1	Zapata	87	23.4	–31.5	896	5.4	–18.8
Thriftimart	25	38.3	–24.9	822	7.3	0.5	SCOA Industries	88	23.3	11.4	585	11.7	14.2
Citizens & Sthrn Ga	26	36.9	25.9	454	13.8	17.8	American Stores	89	23.2	59.2	11	52.8	9.2
Wal-Mart Stores	27	35.6	83.3	29	37.3	69.3	Zayre	90	23.2	65.0	693	9.8	30.0
State Street Boston	28	34.9	9.0	242	19.0	13.7	Tesoro Petroleum	91	23.1	–38.6	121	24.0	–5.8
Tandy	29	34.3	65.2	230	19.2	49.2	SEDCO	92	23.0	46.9	754	8.6	31.7
Superior Oil	30	33.2	–32.4	71	28.5	–0.8	Browning-Ferris Inds	93	23.0	39.4	361	15.9	24.0
Dynalectron	31	32.7	–19.5	405	14.9	10.5	Raychem	94	22.9	–23.2	129	23.5	16.2
Toys "R" Us	32	32.6	41.1	76	27.9	40.1	Storage Technology	95	22.8	–95.7	26	39.6	8.3
First Boston	33	32.2	58.7	17	44.0	54.9	Allied Bancshares	96	22.8	34.8	25	40.2	43.0
Bruno's	34	31.9	60.5	274	18.3	28.8	Ryder System	97	22.8	20.1	237	19.0	18.4
Whittaker	35	31.4	–44.8	421	14.6	1.8	Cross & Trecker	98	22.7	–90.2	522	12.7	–60.7
Business Men's Assur	36	30.9	29.7	895	5.4	13.2	Anixter Bros	99	22.4	–38.6	185	20.7	19.3
Waste Management	37	30.7	31.1	61	29.3	34.0	Penn Central	100	22.4	–28.4	21	41.7	–8.9
Natl Medical Entrprs	38	30.5	54.0	14	48.9	108.7	General Re	101	22.3	15.6	355	15.9	18.8
Trust Co of Georgia	39	30.4	40.2	201	20.0	21.6	Hewlett-Packard	102	22.2	29.0	118	24.3	29.3
E F Hutton Group	40	30.3	60.4	35	34.3	52.1	Rohm & Haas	103	22.0	46.9	680	10.0	0.7
Big Bear	41	30.2	63.4	527	12.6	19.9	R H Macy	104	21.9	58.4	519	12.8	34.9
Texas Oil & Gas	42	30.2	52.4	79	27.7	18.1	Rose's Stores	105	21.9	117.7	829	7.0	29.0
General Instrument	43	30.1	–21.3	467	13.6	–2.2	Esmark	106	21.8	–14.7	1000	–5.5	6.9
Phillips-Van Heusen	44	30.0	76.1	848	6.3	7.2	Turner Construction	107	21.8	28.1	188	20.5	–7.5
James River Corp Va	45	30.0	108.7	10	56.2	245.9	Loews	108	21.8	38.9	578	11.9	11.3
G Heileman Brewing	46	29.4	37.3	62	29.2	36.4	Anheuser-Busch Cos	109	21.7	31.3	252	18.7	47.1
Phibro-Salomon	47	29.3	20.0	49	31.3	16.6	American Intl Group	110	21.7	24.2	264	18.5	–10.3
Cabot	48	29.3	–46.2	133	23.3	1.3	Hilton Hotels	111	21.7	4.8	744	8.7	7.7
Food Lion	49	28.9	39.0	45	32.1	53.9	PHH Group	112	21.7	34.9	52	30.5	51.6
Limited	50	28.9	92.4	46	31.8	108.6	Rite Aid	113	21.6	34.8	291	17.9	26.4
ConAgra	51	28.7	27.8	190	20.3	88.1	Tyco Laboratories	114	21.6	–24.5	50	31.2	39.6
Amer Medical Intl	52	28.6	55.7	73	28.4	54.3	Seagram	115	21.6	–16.0	931	4.1	–4.0
Fairchild Industries	53	28.4	–57.9	117	24.3	–16.7	Supermarkets General	116	21.6	21.4	603	11.3	14.5
Schlumberger	54	27.9	–6.2	147	22.6	–0.3	Big V Supermarkets	117	21.5	6.4	301	17.5	14.5
Mitchell Energy & Dev	55	27.8	–14.2	33	35.4	7.4	Freeport-McMoran	118	21.5	–32.8	233	19.1	3.7
SmithKline Beckman	56	27.7	12.1	109	24.9	39.0	Dean Foods	119	21.2	29.7	348	16.1	15.6
MEI	57	27.5	41.3	77	27.8	35.9	Digital Equipment	119	21.2	–35.1	54	30.2	40.3
USAir Group	58	26.9	–23.6	219	19.5	22.5	Barnett Banks Fla	121	21.1	39.9	113	24.6	52.3
Morton Thiokol	59	26.9	–6.0	541	12.4	107.8	Capital Cities Commun	122	21.1	28.6	244	19.0	28.3
Marriott	60	26.6	27.7	258	18.6	38.0	Shawmut	123	21.1	–6.8	207	19.9	22.2
Bally Manufacturing	61	26.2	–63.2	44	32.2	21.0	Western Co No Amer	124	20.8	P-D	47	31.7	–12.0
Charter	62	26.1	66.0	85	27.2	17.5	Worthington Inds	125	20.7	0.0	108	25.0	20.5
Mission Insurance	63	26.1	–34.1	138	23.0	9.9	Pioneer	126	20.7	–10.3	223	19.3	–4.9

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
First Atlanta	127	20.7%	35.3%	394	15.1%	26.2%	Pay Less Drug NW	190	17.3%	21.7%	147	22.6%	6.4%
Sysco	127	20.7	39.3	255	18.6	41.3	Sun Chemical	191	17.2	–24.4	462	13.6	21.1
Republic New York	129	20.7	3.8	22	41.6	–0.6	Newmont Mining	192	17.2	–44.2	837	6.8	–15.9
Munford	130	20.6	28.7	947	3.5	13.3	Springs Industries	193	17.1	2.6	831	7.0	0.6
Perini	131	20.5	7.0	158	22.1	1.0	Combustion Eng	194	17.0	–16.9	575	11.9	–11.0
Dorchester Gas	132	20.5	–34.8	4	67.2	67.0	U S Home	195	16.9	25.7	314	17.0	12.1
Super Valu Stores	133	20.4	17.1	376	15.5	19.3	Albertson's	196	16.9	23.0	316	16.9	18.5
Burlington Northern	134	20.2	36.5	331	16.5	1.9	CBT	196	16.9	1.3	246	18.9	28.8
Bankers Trust NY	135	20.1	1.8	222	19.4	–9.8	Pneumo	198	16.9	76.3	386	15.3	10.6
Payless Cashways	136	20.1	70.8	78	27.8	62.6	Nordstrom	199	16.9	42.0	207	19.9	42.0
Atlantic Richfield	137	20.1	–7.9	187	20.6	–0.5	Oxford Industries	200	16.8	144.7	630	10.9	54.2
Brunswick	138	19.9	–45.4	925	4.5	4.9	Dillard Dept Stores	201	16.8	81.1	216	19.6	33.8
Fleet Financial	138	19.9	24.6	303	17.5	10.5	H J Heinz	201	16.8	28.3	515	12.8	11.1
Hanover Insurance	140	19.9	6.0	502	13.0	11.9	Baker International	203	16.8	P-D	87	26.8	–11.4
Cox Communications	141	19.8	16.0	150	22.5	43.7	Ceco	203	16.8	–8.5	728	9.2	1.8
Sun Banks	141	19.8	14.7	123	23.9	37.1	Old Republic Intl	203	16.8	21.4	412	14.8	–8.2
Sherwin-Williams	143	19.8	38.7	669	10.2	25.0	Cincinnati Milacron	206	16.7	P-D	749	8.6	–34.7
Abbott Laboratories	144	19.7	32.6	352	16.0	22.3	Jewel Cos	207	16.7	0.4	688	9.9	13.0
Nucor	145	19.6	–29.2	199	20.1	–0.9	Bank of New England	208	16.7	7.3	53	30.4	13.3
Texas Commerce Bshs	146	19.5	23.6	51	30.8	12.0	NCNB	209	16.7	30.8	143	22.8	27.3
Parsons	147	19.5	25.1	852	6.2	–7.8	Waldbaum	210	16.5	30.1	529	12.5	12.5
Dover	148	19.4	–13.2	269	18.4	3.0	Mercantile Texas	211	16.5	17.7	24	40.5	28.5
H H Robertson	149	19.4	–32.4	640	10.7	–10.3	National Svc Inds	212	16.5	16.6	658	10.5	10.9
First Union	150	19.3	40.9	157	22.2	18.2	Morrison-Knudsen	213	16.4	1.8	296	17.7	7.8
Centex	151	19.3	8.5	415	14.7	6.6	Melville	214	16.3	14.4	286	18.0	31.0
Culbro	152	19.1	–52.2	941	3.7	36.3	Ruddick	214	16.3	23.0	612	11.2	7.5
Brown Group	153	19.1	23.3	717	9.4	11.6	Blount	216	16.3	59.0	472	13.5	6.1
Revco D S	154	19.0	52.8	248	18.9	40.2	Security Pacific	217	16.2	21.0	145	22.7	9.1
Monfort of Colorado	155	19.0	4,443.1	204	19.9	54.9	Southern Pacific	218	16.2	250.9	745	8.7	–11.6
United Energy Resources	156	18.9	–72.0	66	29.1	–15.0	Southeast Banking	219	16.2	0.1	182	20.8	10.9
Baxter Travenol Labs	157	18.9	36.2	341	16.2	19.6	SONAT	220	16.1	24.1	112	24.7	17.4
First Wisconsin	158	18.8	9.6	484	13.4	–6.1	Hughes Tool	221	16.0	P-D	91	26.2	–20.8
Jerrico	159	18.7	6.0	161	22.0	23.8	Lear Siegler	222	16.0	–9.3	557	12.3	0.1
Fidelcor	160	18.7	97.3	684	9.9	18.8	Fort Howard Paper	223	15.7	23.5	363	15.8	35.3
New York Times	161	18.5	33.2	477	13.4	24.8	Rockwell Intl	224	15.6	26.4	842	6.4	13.8
Kelly Services	162	18.5	2.0	209	19.9	9.9	Weis Markets	225	15.6	25.7	531	12.5	14.5
Giant Food	163	18.5	57.3	521	12.7	14.0	Hartmarx	226	15.6	30.0	789	7.8	18.2
Thrifty Corp	164	18.5	31.9	622	11.0	13.9	A C Nielsen	227	15.6	35.5	261	18.5	19.0
McDonald's	165	18.4	27.4	355	15.9	18.6	Reading & Bates	227	15.6	–57.6	227	19.3	–6.8
Deluxe Check Printers	166	18.3	36.7	392	15.1	22.4	Honeywell	229	15.5	–16.6	550	12.4	8.4
Dun & Bradstreet	167	18.3	31.7	343	16.2	18.2	Shaklee	229	15.5	69.7	193	20.2	20.8
Perkin-Elmer	168	18.2	–33.1	181	20.8	–2.1	Pioneer Hi-Bred Intl	231	15.5	–31.9	363	15.8	5.2
Cole National	169	18.2	28.3	58	29.6	49.6	Westinghouse Electric	232	15.5	–6.6	789	7.8	3.7
Auto Data Processing	170	18.2	28.2	135	23.2	39.6	Amer Hospital Supply	233	15.4	24.6	397	15.1	19.3
Philip Morris	171	18.2	26.9	255	18.6	18.3	Gannett	234	15.3	12.1	124	23.8	21.0
Meredith	172	18.1	49.2	453	13.8	9.9	Chase Manhattan	235	15.3	9.3	215	19.6	–10.7
Getty Oil	173	18.1	–45.6	92	26.1	–0.5	Amerada Hess	236	15.2	–37.9	401	15.0	–4.3
American Brands	174	18.0	0.1	748	8.6	4.5	American Greetings	236	15.2	29.4	358	15.9	26.7
Dow Jones	175	17.9	41.4	287	18.0	31.0	Houston Natural Gas	238	15.2	–19.9	235	19.1	5.2
Marine Midland Banks	176	17.8	20.5	284	18.2	–5.2	Wyman-Gordon	238	15.2	–15.3	550	12.4	–27.2
Raytheon	177	17.8	–4.4	394	15.1	7.0	Figgie Intl Holdings	240	15.2	–5.1	856	6.2	–10.0
Foster Wheeler	178	17.7	–15.9	813	7.4	–4.5	ASARCO	241	15.1	–62.8	836	6.8	–7.0
Transco Energy	179	17.6	–10.0	36	34.2	17.1	Shell Oil	242	15.1	–5.9	368	15.7	–3.9
Harris Corp	180	17.6	–37.3	274	18.3	–6.1	PNC Financial	243	15.0	22.6	114	24.5	5.6
Datapoint	181	17.6	–56.5	30	36.8	34.3	Farmers Group	244	15.0	14.1	402	15.0	36.0
Trinity Industries	182	17.5	–61.3	259	18.6	–35.3	Southland	245	14.9	29.4	178	21.0	35.5
Electronic Data Systems	183	17.5	57.9	106	25.1	50.5	Standard Oil Calif	246	14.9	–21.4	544	12.4	–28.7
United Virginia Bshs	184	17.5	29.0	373	15.6	20.6	Consolidated Foods	247	14.9	24.2	390	15.2	17.5
Bank of Boston	185	17.5	24.7	134	23.3	–3.4	Zurn Industries	248	14.9	–16.4	823	7.2	–10.5
McGraw-Hill	186	17.4	23.9	557	12.3	14.9	Entex	249	14.8	25.4	145	22.7	29.6
United States Shoe	187	17.4	22.0	568	12.1	23.9	Computer Sciences	250	14.8	–23.8	205	19.9	12.6
AMP	188	17.3	12.0	343	16.2	14.8	Avery International	251	14.8	13.1	560	12.2	15.6
G D Searle	189	17.3	42.0	875	5.9	–6.9	Chubb	251	14.8	0.2	725	9.3	20.5

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†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Mobil	251	14.8%	-36.9%	339	16.3%	-9.5%
Levi Strauss	254	14.8	7.2	379	15.5	-1.5
Service Merchandise	255	14.7	33.6	69	28.9	31.4
Tektronix	256	14.7	-40.0	184	20.8	11.3
Dibrell Brothers	257	14.7	90.8	733	9.0	-0.9
Cluett, Peabody	258	14.6	29.2	830	7.0	3.7
American Express	259	14.6	22.5	278	18.3	36.9
Unocal	260	14.6	-9.9	540	12.4	-0.9
Universal Leaf	261	14.6	18.5	799	7.6	-7.1
Big Three Industries	262	14.5	-46.0	226	19.3	-11.3
Washington Post	263	14.5	55.0	462	13.6	15.0
Hannaford Bros	264	14.4	26.6	615	11.1	17.3
Archer Daniels Midland	265	14.4	-32.4	465	13.6	33.3
Parker Drilling	266	14.4	P-D	96	25.8	-33.8
Cameron Iron Works	267	14.3	P-D	325	16.6	-9.2
Di Giorgio	267	14.3	-26.4	873	5.9	9.5
Engelhard	269	14.2	4.5	224	19.3	-9.5
R R Donnelley & Sons	270	14.2	36.1	366	15.8	18.3
Intel	270	14.2	25.2	65	29.1	21.4
Alleghany	272	14.2	-1.6	23	40.9	6.0
Valley National	273	14.1	-10.8	174	21.1	11.0
Life Investors	274	14.0	41.2	99	25.6	42.2
General Mills	275	14.0	33.2	529	12.5	16.1
Johnson & Johnson	275	14.0	6.4	413	14.8	10.3
Purolator	277	14.0	30.5	426	14.4	18.7
Knight-Ridder News	278	14.0	14.1	580	11.9	16.9
Stop & Shop Cos	278	14.0	66.9	768	8.1	15.7
American General	280	14.0	25.3	519	12.8	49.4
Snap-On Tools	280	14.0	-1.8	460	13.7	3.4
Kroger	282	13.9	-17.5	500	13.0	27.7
First Interstate Bancp	283	13.8	-0.8	212	19.8	5.1
Northwest Industries	284	13.8	-93.4	715	9.4	-33.9
Piedmont Aviation	285	13.8	-56.1	107	25.1	40.0
Hershey Foods	286	13.7	12.0	273	18.3	14.4
Norfolk Southern	287	13.6	-34.1	764	8.3	-8.4
Kemper	288	13.5	-22.5	179	20.9	12.2
Ohio Casualty	288	13.5	-7.7	561	12.2	6.0
Standard Oil Indiana	290	13.5	-3.3	326	16.6	-0.8
Sundstrand	290	13.5	-45.0	698	9.7	-7.2
Union Pacific	292	13.5	-17.4	166	21.6	39.2
Mercantile Stores	293	13.5	32.5	564	12.1	19.3
Bangor Punta	294	13.5	P-D	586	11.7	-24.7
Transamerica	294	13.5	0.3	737	8.9	8.5
Masco	296	13.5	11.2	360	15.9	20.9
Amer Broadcasting	297	13.4	-2.0	541	12.4	15.3
Exxon	298	13.4	-5.6	467	13.6	-12.0
Banc One	299	13.4	19.6	89	26.3	56.0
Bristol-Myers	300	13.4	25.3	626	10.9	12.7
Chesebrough-Pond's	300	13.4	-1.3	432	14.3	8.6
IU International	302	13.3	-48.8	975	1.8	-5.3
Gulf United	303	13.3	9.4	122	24.0	30.3
Ball Corp	304	13.3	22.4	445	14.0	11.3
Emerson Electric	305	13.2	7.4	382	15.4	4.3
Gelco	306	13.1	P-D	31	36.8	14.3
Flickinger	307	13.0	31.3	590	11.7	23.2
CFS Continental	308	13.0	33.5	544	12.4	26.7
First Natl Supermkts	309	13.0	31.3	179	20.9	1.6
Pillsbury	309	13.0	17.0	281	18.3	17.6
Consolidated Papers	311	12.9	-5.0	596	11.7	4.1
First City Bancorp	311	12.9	-34.6	56	29.9	9.8
Flowers Industries	313	12.9	32.0	387	15.3	36.8
Paine Webber	314	12.9	488.3	41	33.2	52.9
Irving Bank	315	12.8	-3.5	189	20.4	-12.2
Occidental Petroleum	315	12.8%	P-D	175	21.1%	30.2%
Genuine Parts	317	12.8	5.7%	417	14.7	22.6
Alcan Aluminium	318	12.8	-94.5	606	11.3	-1.0
Kimberly-Clark	319	12.7	-12.3	610	11.2	13.1
Std Comml Tobacco	320	12.7	-15.6	144	22.7	-5.9
Martin Marietta	321	12.7	13.8	293	17.8	16.9
Motorola	321	12.7	-1.6	374	15.5	19.0
Nabisco Brands	321	12.7	13.7	808	7.5	0.8
Fischbach	324	12.7	22.2	572	12.0	24.0
W W Grainger	325	12.6	-4.0	475	13.5	3.8
E-Systems	326	12.6	102.4	382	15.4	37.2
Times Mirror	327	12.6	19.3	390	15.2	15.7
Marsh & McLennan Cos	328	12.6	5.5	307	17.4	16.2
Borg-Warner	329	12.5	8.0	738	8.9	17.9
Holiday Inns	330	12.5	10.9	796	7.6	-3.1
General Signal	331	12.5	-27.1	320	16.8	-6.4
American Home Products	332	12.5	21.1	652	10.6	15.3
Safeco	333	12.4	15.9	590	11.7	16.4
Air Prods & Chems	334	12.4	-12.5	513	12.8	7.5
American Natl Ins	334	12.4	38.1	824	7.2	12.0
Fluor	334	12.4	-48.8	94	26.0	-0.1
Pennzoil	337	12.4	-35.1	403	15.0	-9.5
Texaco	337	12.4	-32.0	532	12.5	-20.5
RepublicBank	339	12.4	10.7	70	28.6	4.8
Illinois Tool Works	340	12.3	10.0	648	10.6	8.8
Pacific Resources	341	12.3	-51.4	98	25.7	35.4
Sonoco Products	342	12.3	-5.9	379	15.5	23.4
Wachovia	343	12.2	46.9	235	19.1	12.2
First Natl State Bcp	344	12.2	22.8	225	19.3	18.2
Seaway Food Town	344	12.2	-24.9	538	12.4	14.2
Pitney Bowes	346	12.2	-1.5	221	19.4	13.3
Harvey Hubbell	347	12.2	-8.2	408	14.9	-5.4
Quaker Oats	347	12.2	-36.5	612	11.2	6.9
Mellon National	349	12.2	14.7	170	21.4	15.0
Sun Company	350	12.2	-28.8	240	19.0	1.6
Upjohn	351	12.1	-6.0	599	11.6	6.2
Cooper Industries	352	12.0	-77.5	64	29.1	-21.3
General Electric	352	12.0	18.5	684	9.9	2.3
Gordon Jewelry	354	12.0	-16.9	330	16.5	0.0
Johnson Controls	355	11.9	29.4	101	25.4	18.7
Magic Chef	356	11.9	259.8	193	20.2	22.6
Roadway Services	356	11.9	25.1	632	10.8	4.5
Nalco Chemical	358	11.9	-11.5	643	10.7	0.9
Travelers	359	11.8	-2.5	661	10.4	18.9
Kidde	360	11.8	-17.0	496	13.1	-12.1
Levitz Furniture	360	11.8	62.9	899	5.3	10.8
Panhandle Eastern	360	11.8	-37.3	103	25.3	8.9
Procter & Gamble	360	11.8	26.1	608	11.3	10.0
Pacific Lighting	364	11.8	18.8	136	23.1	25.3
Whirlpool	365	11.7	37.8	856	6.2	8.4
Chemical New York	366	11.7	5.9	212	19.8	-5.1
Fleming Cos	367	11.7	24.7	465	13.6	38.3
Jack Eckerd	368	11.7	-5.1	245	18.9	29.6
Ashland Oil	369	11.6	-53.3	469	13.5	-9.9
Marsh Supermarkets	369	11.6	-31.3	620	11.0	12.6
Southwest Bancshares	371	11.6	-22.7	72	28.5	23.3
Texas American Bshs	372	11.5	-4.6	86	27.1	12.7
City Federal S & L	373	11.5	444.3	27	38.8	72.7
Minn Mining & Mfg	373	11.5	-1.3	600	11.6	6.9
Kellogg	375	11.5	18.3	677	10.1	3.4
Maryland National	376	11.4	1.0	288	18.0	7.5
Corestates Financial	377	11.3	45.3	424	14.4	11.3
Carnation	378	11.3	13.8	780	7.9	1.6

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
ENSERCH	378	11.3%	–43.1%	130	23.4%	9.5%
Avnet	380	11.3	–20.2	510	12.9	1.1
Phillips Petroleum	380	11.3	–27.6	231	19.1	1.8
CPC International	382	11.2	–3.6	803	7.5	–4.5
Federal-Mogul	382	11.2	5.2	652	10.6	–6.6
Longs Drug Stores	384	11.2	19.6	384	15.3	17.9
J P Morgan	385	11.2	18.7	139	22.9	–5.4
Capital Holding	386	11.0	19.6	272	18.4	58.6
Eli Lilly	387	11.0	18.4	449	13.9	8.5
McCormick	388	11.0	25.0	389	15.3	14.7
CBI Industries	389	10.9	–29.9	639	10.8	16.9
Wometco Enterprises	389	10.9	14.7	350	16.0	19.3
R J Reynolds Inds	391	10.9	–3.3	353	16.0	27.0
Saga	391	10.9	79.8	427	14.4	23.4
Tyson Foods	393	10.8	198.2	271	18.4	21.8
Arkla	394	10.8	–8.2	141	22.8	13.6
PPG Industries	395	10.8	3.6	771	8.1	8.8
Dexter	396	10.8	7.8	312	17.2	2.7
Vulcan Materials	397	10.8	–34.5	698	9.7	0.7
Richardson-Vicks	398	10.7	–32.4	526	12.6	10.4
Consol Freightways	399	10.7	–17.9	779	8.0	–2.5
Halliburton	400	10.6	–40.8	584	11.8	–24.3
National Can	401	10.6	–49.2	704	9.7	3.4
Brooklyn Union Gas	402	10.5	10.6	281	18.3	26.7
St Paul Cos	403	10.5	1.3	632	10.8	14.2
NCR	404	10.4	13.2	783	7.9	6.6
Curtice-Burns	405	10.4	43.2	279	18.3	23.5
Winn-Dixie Stores	405	10.4	19.0	568	12.1	15.8
McDonnell Douglas	407	10.4	41.5	436	14.2	15.1
Intl Flavors & Frag	408	10.4	3.0	702	9.7	2.1
Mercantile Bancorp	408	10.4	–3.9	237	19.0	–2.8
George A Hormel	410	10.4	–16.9	896	5.4	1.2
Scovill	411	10.3	57.9	898	5.4	–12.8
Ex-Cell-O	412	10.3	–1.2	346	16.2	–10.7
Crown Central Petroleum	413	10.3	–95.4	155	22.2	10.3
American Standard	414	10.2	–49.0	868	6.0	–11.5
Pfizer	414	10.2	45.2	610	11.2	12.1
A H Robins	414	10.2	49.4	660	10.4	20.6
North American Coal	417	10.2	154.6	559	12.2	–7.1
Am Natural Resources	418	10.2	20.6	200	20.1	14.9
Ametek	419	10.2	21.6	697	9.8	0.1
CSX	420	10.1	–59.1	710	9.6	–0.4
Trane	420	10.1	–19.3	536	12.5	31.6
U S Bancorp	420	10.1	–15.8	285	18.1	2.9
Alco Standard	423	10.1	–4.3	336	16.4	9.9
Fremont General	424	10.1	P-D	59	29.6	42.2
United States Gypsum	425	10.1	–6.4	828	7.0	6.1
First Security	426	10.0	14.4	294	17.8	10.5
Merck	427	10.0	9.4	582	11.8	9.4
Heck's	428	10.0	–46.6	319	16.8	–2.4
IBM	428	10.0	33.1	513	12.8	28.4
Malone & Hyde	428	10.0	45.4	397	15.1	29.0
USF&G	428	10.0	–5.8	667	10.3	1.6
Wells Fargo	432	10.0	6.2	183	20.8	–1.8
Citicorp	433	9.9	40.7	140	22.9	0.2
Interpublic Group	434	9.9	14.1	324	16.7	25.4
Denny's	435	9.9	42.8	280	18.3	31.6
Kaneb Services	436	9.9	–21.0	84	27.3	1.9
Roper Corp	436	9.9	160.7	937	3.9	18.1
Coca-Cola	438	9.9	8.6	515	12.8	12.4
First Bank System	439	9.8	19.8	165	21.6	11.0
Texas Eastern	439	9.8	–32.5	128	23.6	14.5
Greyhound	441	9.8	–14.7	963	2.5	–37.7
Bank of New York	442	9.8%	23.4%	83	27.4%	–0.2%
New England Electric	443	9.8	34.3	654	10.6	8.6
Strawbridge & Clothier	443	9.8	43.4	675	10.1	17.9
Clorox	445	9.7	75.2	990	–2.0	24.3
Varian Associates	446	9.7	143.2	471	13.5	16.9
Holly Corp	447	9.7	–20.5	110	24.8	–2.4
Bausch & Lomb	448	9.6	17.1	773	8.0	–4.3
Chic & North Western	448	9.6	–62.6	689	9.9	–8.0
Consolidated Edison	450	9.6	30.7	678	10.1	17.3
City Investing	451	9.5	–1.7	384	15.3	3.3
Eastman Kodak	452	9.4	–27.2	547	12.4	8.7
NL Industries	452	9.4	P-D	886	5.7	–35.3
Frederick & Herrud	454	9.4	139.5	556	12.3	32.3
Hercules	455	9.4	7.7	734	9.0	0.1
Warner Communications	455	9.4	P-D	103	25.3	12.9
Tidewater	457	9.4	–45.5	228	19.2	–12.2
Torchmark	458	9.3	25.4	266	18.5	91.0
North Amer Philips	459	9.3	1.2	536	12.5	19.5
Milton Bradley	460	9.3	–83.6	460	13.7	–9.1
Dayton-Hudson	461	9.3	26.0	231	19.1	33.4
Santa Fe Industries	462	9.2	–19.9	504	13.0	–3.0
General Foods	463	9.1	14.8	681	10.0	9.5
Aetna Life & Casualty	464	9.1	–24.8	490	13.2	6.8
Consol Natural Gas	464	9.1	25.3	290	17.9	17.3
Stanley Works	466	9.1	–10.1	667	10.3	–1.6
West Point-Pepperell	466	9.1	16.3	658	10.5	1.2
Provident Life & Acc	468	9.1	10.8	922	4.6	6.1
Southern Union	469	9.1	–26.0	247	18.9	3.5
Research-Cottrell	470	8.9	–52.2	534	12.5	–4.0
United Technologies	471	8.9	5.0	175	21.1	8.6
Commercial Metals	472	8.8	–36.6	420	14.6	–30.0
Gerber Products	473	8.8	18.5	646	10.6	8.1
Data General	474	8.8	–46.8	67	29.1	13.2
Palm Beach	475	8.7	0.7	169	21.5	1.3
Petrolane	475	8.7	P-D	329	16.5	–44.1
DeSoto	477	8.7	60.5	952	3.2	–0.7
Witco Chemical	477	8.7	18.7	409	14.9	5.6
Idle Wild Foods	479	8.7	–43.9	683	10.0	7.5
Univar	479	8.7	–44.3	760	8.4	–0.3
PepsiCo	481	8.7	–8.0	309	17.3	11.6
Walt Disney	482	8.6	–25.6	588	11.7	33.0
American District	483	8.6	15.8	484	13.4	13.8
Lincoln National	483	8.6	9.7	550	12.4	24.2
Northwest Energy	485	8.6	–40.9	198	20.1	44.4
Rainier Bancorp	486	8.6	5.6	192	20.3	1.7
Gillette	487	8.5	10.6	765	8.3	–4.5
Alexander & Baldwin	488	8.5	6.6	938	3.8	7.9
Combined Internatl	488	8.5	1.6	397	15.1	33.2
Wisconsin Elec Power	490	8.5	28.4	442	14.1	18.6
Manufacturers Hanover	491	8.4	12.4	115	24.4	–2.1
Carpenter Technology	492	8.4	–52.9	669	10.2	–23.4
Borden	493	8.3	16.4	923	4.6	–4.4
Wisconsin Pwr & Lt	493	8.3	22.6	445	14.0	17.7
E I du Pont	495	8.3	–14.1	151	22.5	48.9
Lucky Stores	496	8.3	21.5	409	14.9	14.7
Kerr-McGee	497	8.2	–14.4	522	12.7	–2.6
InterNorth	498	8.1	8.0	197	20.2	26.9
Square D	499	8.1	–34.2	508	12.9	1.4
Centel	500	8.1	7.7	305	17.4	21.4
National Fuel Gas	500	8.1	–9.7	375	15.5	19.3
American Petrofina	502	8.1	–40.1	406	14.9	–7.9
Federated Dept Stores	503	8.1	19.9	671	10.2	19.8
Diversified Energies	504	8.0	17.4	210	19.8	33.0

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†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Texas Utilities	505	8.0%	7.3%	261	18.5%	23.7%	Allied Stores	568	6.4%	33.7%	741	8.9%	28.4%
Duke Power	506	7.9	16.3	575	11.9	21.7	Natl Semiconductor	568	6.4	P-D	97	25.8	21.4
Jefferson-Pilot	507	7.8	–0.8	730	9.2	4.5	KN Energy	570	6.3	29.0	298	17.7	13.3
May Dept Stores	507	7.8	33.1	691	9.8	18.1	Super Food Services	571	6.3	114.0	370	15.6	17.1
Sterling Drug	507	7.8	2.8	698	9.7	6.0	NBD Bancorp	572	6.3	9.8	311	17.2	–7.6
Dart & Kraft	510	7.8	19.8	783	7.9	–1.7	Insilco	573	6.3	15.8	625	10.9	–0.9
Laclede Gas	511	7.8	5.4	350	16.0	34.6	Potomac Elec Power	573	6.3	21.0	612	11.2	17.8
Intl Multifoods	512	7.7	2.5	904	5.2	–2.5	Central Steel & Wire	575	6.2	0.9	924	4.5	–16.6
Campbell Soup	513	7.7	23.6	648	10.6	21.8	Crown Cork & Seal	575	6.2	–24.2	803	7.5	–5.5
Gulf Oil	514	7.7	–13.9	717	9.4	–2.1	Xerox	577	6.2	–31.8	563	12.1	–0.4
TRW	514	7.7	–19.7	624	10.9	3.6	Emhart	578	6.2	6.3	430	14.3	–6.4
Wisconsin Public Svc	516	7.6	31.4	434	14.2	21.8	Leaseway Transportation	578	6.2	–13.0	629	10.9	20.6
USLIFE	517	7.6	–0.6	637	10.8	8.5	Maytag	580	6.2	47.4	717	9.4	44.1
MCA	518	7.6	22.3	635	10.8	15.9	Signal Cos	580	6.2	–68.0	442	14.1	18.8
Lubrizol	519	7.6	–30.6	578	11.9	–10.1	Joy Manufacturing	582	6.2	–96.2	743	8.7	–39.4
So New England Tel	519	7.6	20.6	555	12.3	20.4	Washington Gas Light	583	6.1	22.6	359	15.9	33.5
No States Power	521	7.5	37.8	588	11.7	23.8	Montana Power	584	6.1	6.7	323	16.7	3.3
Iowa-Illinois G & E	522	7.5	30.8	422	14.5	17.3	McKesson	585	6.1	–8.2	774	8.0	–0.1
A E Staley Mfg	522	7.5	–91.6	504	13.0	–4.0	Fleetwood Enterprises	586	6.1	3,912.9	768	8.1	107.9
Boston Edison	524	7.5	3.4	590	11.7	4.0	National Gypsum	586	6.1	–0.4	781	7.9	10.7
Rollins	524	7.5	–89.6	515	12.8	–6.0	Dorsey	588	6.0	92.5	378	15.5	–8.1
Associated Dry Goods	526	7.5	30.6	527	12.6	34.0	United Telecom	588	6.0	–6.4	437	14.2	16.9
Dennison Mfg	527	7.4	3.4	597	11.6	9.4	Washington National	590	6.0	–23.7	816	7.4	–3.0
Circle K	528	7.4	186.0	274	18.3	23.5	Crocker National	591	6.0	–35.2	172	21.3	3.4
Tecumseh Products	529	7.3	5.6	887	5.7	2.2	Stanadyne	591	6.0	–3.7	760	8.4	–12.5
Mountain Fuel Supply	530	7.3	54.7	253	18.7	37.3	Edison Bros Stores	593	6.0	12.1	686	9.9	8.4
Continental Group	531	7.2	–16.1	811	7.4	–1.7	Westvaco	594	5.9	–29.7	751	8.6	1.6
Central Illinois Lt	532	7.1	23.3	451	13.8	20.3	J C Penney	595	5.9	17.2	871	5.9	1.2
FMC	533	7.1	9.4	783	7.9	0.3	MGM Grand Hotels	596	5.9	–36.0	609	11.2	19.5
LTV	533	7.1	P-D	574	11.9	–33.9	Southern Calif Edison	597	5.8	34.7	392	15.1	8.6
TECO Energy	535	7.0	10.5	442	14.1	12.1	Florida Power & Lt	598	5.8	22.9	349	16.0	15.1
Norton	536	7.0	–61.9	593	11.7	–11.7	Louisiana Land	599	5.8	–25.1	124	23.8	2.5
Moore Corp	537	7.0	–8.1	705	9.6	–2.7	Best Products	600	5.7	10.8	111	24.7	53.5
Indianapolis Pwr & Lt	538	6.9	26.1	603	11.3	18.1	Union Camp	600	5.7	–20.3	713	9.5	9.5
InterFirst	538	6.9	P-D	74	28.1	9.2	Allegheny Power	602	5.7	15.9	381	15.5	16.4
Anderson, Clayton	540	6.9	–48.7	915	4.9	–21.6	N Y State Elec & Gas	602	5.7	3.6	486	13.3	19.3
Kay	541	6.8	–54.9	495	13.2	–15.5	Collins & Aikman	604	5.7	85.2	794	7.6	20.0
Parker-Hannifin	542	6.8	–44.3	331	16.5	–3.0	Ralston Purina	604	5.7	104.2	832	7.0	–2.0
Handy & Harman	543	6.8	–57.3	705	9.6	–11.9	Corning Glass Works	606	5.7	–7.8	813	7.4	–0.1
Scott Paper	543	6.8	–29.9	709	9.6	5.1	Kansas Power & Light	607	5.7	22.4	447	13.9	28.6
GATX	545	6.7	–59.6	834	6.9	–20.0	Tenneco	608	5.6	–12.6	345	16.2	6.5
Time Inc	545	6.7	1.9	137	23.0	19.7	Pacific Gas & Elec	609	5.6	11.6	322	16.8	11.7
Norwest	547	6.7	–6.7	154	22.4	24.7	Oneok	610	5.5	–42.6	240	19.0	3.6
PACCAR	548	6.7	–54.6	834	6.9	–20.0	Revlon	611	5.4	–42.2	300	17.5	3.5
Stone Container	549	6.7	–88.3	637	10.8	23.1	Schering-Plough	612	5.4	–3.4	428	14.4	0.1
Central & South West	550	6.6	14.5	338	16.4	25.3	King Kullen Grocery	613	5.4	59.5	567	12.1	8.8
Scott & Fetzer	550	6.6	21.7	511	12.8	–3.3	Baltimore Gas & Elec	614	5.4	21.7	515	12.8	16.1
Gt Northern Nekoosa	552	6.6	–23.2	601	11.4	4.3	Kansas City Pwr & Lt	615	5.3	29.7	449	13.9	16.2
Orange & Rockland	552	6.6	10.8	535	12.5	20.7	BankAmerica	616	5.3	–33.5	220	19.5	–4.4
Continental Telecom	554	6.6	5.2	304	17.5	30.9	Briggs & Stratton	617	5.3	–40.0	615	11.1	–13.1
Equifax	555	6.6	21.7	714	9.5	16.3	Niagara Mohawk Power	617	5.3	20.3	438	14.1	22.6
Gates Learjet	556	6.5	–98.7	306	17.4	–30.6	Robertshaw Controls	617	5.3	67.6	818	7.3	3.3
Universal Foods	556	6.5	43.3	269	18.4	20.2	Equitable of Iowa	620	5.3	29.3	255	18.6	–0.2
Commonwealth Energy	558	6.5	57.4	607	11.3	11.5	AmeriTrust	621	5.2	0.3	493	13.2	–6.6
Harcourt Brace Jovan	559	6.4	42.8	532	12.5	16.4	Society	622	5.1	23.1	167	21.6	2.0
Becton, Dickinson	560	6.4	–50.6	455	13.8	7.6	American Tel & Tel	623	5.1	–14.7	586	11.7	18.0
Columbia Gas System	560	6.4	–15.3	277	18.3	11.8	GTE	623	5.1	23.4	691	9.8	13.8
Rochester Gas & Elec	560	6.4	21.5	429	14.3	23.4	Nash Finch	625	5.0	7.7	641	10.7	7.3
Alcoa	563	6.4	P-D	708	9.6	–1.5	Earle M Jorgensen	626	5.0	–72.0	879	5.8	–36.2
W R Grace	564	6.4	–52.5	698	9.7	–3.1	MidCon	626	5.0	2.6	119	24.2	15.4
Public Service Indiana	564	6.4	13.0	496	13.1	17.5	Bemis	628	5.0	–24.5	969	2.0	–0.2
BanCal Tri-State	566	6.4	116.2	508	12.9	–5.6	Tyler	628	5.0	–23.7	321	16.8	23.2
Petrie Stores	566	6.4	–7.9	721	9.4	8.6	Centerre Bancorp	630	4.9	–31.4	173	21.2	–8.3

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Who's where in growth

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Lowe's Companies	631	4.9%	85.1%	595	11.7%	33.2%
International Paper	632	4.9	–39.6	893	5.5	–9.4
G C Murphy	633	4.9	69.3	883	5.7	1.3
McGraw-Edison	634	4.8	–36.5	365	15.8	–9.3
Pay'n Save	634	4.8	29.0	341	16.2	16.3
United Illuminating	636	4.7	26.9	417	14.7	4.3
Gulf States Utils	637	4.7	15.4	261	18.5	21.0
Zale	638	4.6	–40.3	890	5.6	5.2
Southwestern Pub Svc	639	4.6	29.9	299	17.6	37.5
Federal Paper Board	640	4.6	–70.8	862	6.1	8.4
Royal Crown Cos	640	4.6	18.3	754	8.6	8.0
Foxboro	642	4.5	–72.6	646	10.6	–9.4
Wm Wrigley Jr	642	4.5	25.7	730	9.2	–0.5
Geo International	644	4.5	P-D	153	22.4	–25.7
Allied Corp	645	4.4	–33.6	249	18.8	53.3
Ethyl	645	4.4	6.4	807	7.5	–1.6
Pacific Pwr & Lt	647	4.3	21.9	127	23.8	26.3
Hammermill Paper	648	4.3	–57.9	494	13.2	13.8
Carson Pirie Scott	649	4.2	28.2	480	13.4	19.2
Frontier Holdings	649	4.2	P-D	229	19.2	3.3
Interco	651	4.1	–14.3	694	9.8	2.7
MGM/UA Entertainment	652	4.0	35.3	68	28.9	68.7
Union Electric	653	4.0	30.3	628	10.9	19.9
Dresser Industries	654	4.0	–99.1	572	12.0	–17.7
Alexander & Alexander	655	4.0	P-D	168	21.5	15.1
Continental Illinois	655	4.0	–38.3	120	24.2	–19.5
Dayton Power & Light	657	3.9	12.1	481	13.4	19.6
K mart	657	3.9	61.7	504	13.0	13.3
Eastern Gas & Fuel	659	3.9	–33.7	598	11.6	4.8
CIGNA	660	3.9	–22.3	736	8.9	14.5
Delmarva Power & Lt	661	3.8	31.8	507	12.9	9.5
Smith International	661	3.8	P-D	162	22.0	–26.9
SCM	663	3.8	–66.8	845	6.3	–11.0
Comerica	664	3.8	12.7	212	19.8	13.8
California First Bnk	665	3.7	–15.9	131	23.4	2.1
Safeway Stores	666	3.7	25.6	726	9.3	11.4
Western Union	667	3.7	15.4	777	8.0	12.8
National City	668	3.7	10.5	160	22.1	9.2
Houston Industries	669	3.6	36.3	75	28.0	26.0
Quaker State Oil	670	3.6	12.3	317	16.9	0.2
H J Wilson	670	3.6	–42.0	149	22.6	23.5
Northern Trust	672	3.6	–35.1	249	18.8	–9.5
Fieldcrest Mills	673	3.5	23.3	820	7.3	3.6
Dr Pepper	674	3.5	–65.0	302	17.5	35.3
Squibb	675	3.4	21.7	894	5.4	7.9
Utah Power & Light	675	3.4	8.1	196	20.2	21.0
Northrop	677	3.4	49.2	657	10.5	50.2
Ogden	677	3.4	–32.6	907	5.2	–20.9
Avon Products	679	3.4	–29.5	564	12.1	9.6
Beatrice Foods	680	3.3	39.9	694	9.8	3.1
Echlin	680	3.3	76.5	407	14.9	40.2
Phila Electric	682	3.3	11.6	511	12.8	8.2
Harsco	683	3.3	–42.2	686	9.9	–21.1
Penn Traffic	683	3.3	32.9	459	13.7	11.6
Intl Tel & Tel	685	3.3	–17.5	870	5.9	–15.0
Cincinnati G & E	686	3.3	22.9	476	13.5	21.9
Illinois Power	687	3.2	21.7	388	15.3	28.1
IC Industries	688	3.1	–41.0	328	16.5	–8.5
Portland Genl Elec	689	3.1	–6.3	265	18.5	2.1
Amstar	690	3.1	–39.5	936	3.9	–21.4
ARA Services	691	3.1	6.0	488	13.3	7.5
Peoples Energy	691	3.1	–15.4	369	15.6	8.8
Southern Company	693	3.1	12.4	462	13.6	22.0

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Blue Bell	694	3.0%	–6.9%	547	12.4%	–10.5%
Carolina Pwr & Lt	694	3.0	7.1	487	13.3	21.1
Central Ill Pub Svc	696	3.0	30.5	489	13.3	33.9
Pub Svc Elec & Gas	696	3.0	14.7	525	12.6	14.0
Amsted Industries	698	3.0	P-D	840	6.5	–38.0
Morse Shoe	698	3.0	102.0	541	12.4	13.4
Arizona Public Service	700	2.9	10.2	337	16.4	18.7
Goodyear	700	2.9	–27.2	809	7.4	6.0
MAPCO	702	2.8	–46.5	40	33.2	4.0
Florida Progress	703	2.8	24.8	425	14.4	14.4
Northeast Utilities	704	2.8	53.4	411	14.9	16.0
Coastal Corp	705	2.7	97.6	100	25.4	4.7
UGI	705	2.7	–90.7	132	23.4	13.5
Detroit Edison	707	2.7	16.3	707	9.6	12.4
San Diego Gas & Elec	708	2.6	35.4	177	21.0	27.3
Colgate-Palmolive	709	2.5	2.5	800	7.5	–4.8
Emery Air Freight	710	2.4	6.5	455	13.8	8.8
Federal Co	711	2.3	53.6	473	13.5	5.1
Hawaiian Electric	712	2.3	–9.0	218	19.5	4.9
Consumers Power	713	2.2	–3.2	643	10.7	5.8
Atlantic City Elec	714	2.2	32.6	458	13.7	17.0
Hyster	715	2.2	–99.4	912	5.0	–29.6
Cone Mills	716	2.1	–48.5	933	4.0	0.2
Wetterau	717	2.0	38.5	347	16.1	31.4
Sperry	718	2.0	–38.4	757	8.4	–4.2
Cleveland Elec Illum	719	1.9	21.3	593	11.7	20.2
Commonwealth Edison	720	1.9	35.0	452	13.8	20.0
Allegheny Intl	721	1.8	P-D	440	14.1	25.9
American Cyanamid	722	1.8	–8.9	717	9.4	–1.7
Sears, Roebuck	722	1.8	66.5	833	6.9	23.6
So Carolina E & G	722	1.8	5.3	394	15.1	27.2
Long Island Lighting	725	1.8	8.0	419	14.7	13.4
Economics Laboratory	726	1.7	P-D	502	13.0	9.0
Middle South Utils	727	1.7	4.0	335	16.4	8.7
Owens-Illinois	728	1.6	–66.4	803	7.5	–7.9
Riegel Textile	728	1.6	–44.1	816	7.4	–2.4
NICOR	730	1.6	–78.1	315	17.0	8.2
Hoover	731	1.4	324.9	926	4.4	–10.9
Armstrong World Inds	732	1.4	39.9	877	5.8	5.0
Godfrey	733	1.4	–34.9	618	11.1	8.1
Oklahoma Gas & Elec	733	1.4	24.3	334	16.5	16.8
Ferro	735	1.3	–17.5	661	10.4	–10.9
Penn Power & Light	736	1.2	1.9	663	10.4	6.8
American Family	737	1.2	40.1	105	25.3	30.7
Bell & Howell	738	1.2	208.4	864	6.0	1.0
CBS	739	1.0	–11.2	630	10.9	6.4
Central Soya	739	1.0	1.4	916	4.9	–17.1
Intl Minerals & Chem	741	1.0	–41.1	843	6.4	–17.8
Atlanta Gas Light	742	0.9	24.7	158	22.1	33.9
Moore McCormack Res	742	0.9	–83.2	547	12.4	–34.3
Manufacturers National	744	0.9	76.9	283	18.2	–4.6
Ohio Edison	744	0.9	12.7	499	13.1	18.3
Household Intl	746	0.9	38.2	440	14.1	11.1
Adolph Coors	747	0.9	61.7	673	10.2	16.7
Union Carbide	748	0.9	–61.1	775	8.0	–8.3
Kentucky Utilities	749	0.8	31.4	553	12.3	15.3
Harris Bankcorp	750	0.7	4.8	251	18.7	–9.2
Public Service Colo	751	0.7	–4.5	205	19.9	22.5
Louisville Gas & Elec	752	0.6	6.1	354	16.0	24.5
Golden West Finl	753	0.6	D-P	48	31.7	45.2
Hoover Universal	753	0.6	52.1	796	7.6	30.0
First Chicago	755	0.5	47.3	259	18.6	–7.6
Continental Corp	756	0.4	–77.3	809	7.4	8.8

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82	Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Dominion Resources	757	0.3%	7.2%	455	13.8%	15.5%	Interlake	820	–4.8%	–43.6%	901	5.3%	–17.0%
Lone Star Industries	758	0.3	P-D	967	2.2	1.4	Acme-Cleveland	821	–4.9	P-D	759	8.4	–54.3
Burlington Inds	759	0.2	5.1	901	5.3	–0.8	Butler Manufacturing	822	–4.9	P-D	914	5.0	–13.7
Outboard Marine	759	0.2	79.7	892	6.6	4.6	Delta Air Lines	823	–4.9	P-D	376	15.5	10.2
Boise Cascade	761	0.2	–46.8	724	9.4	8.6	Stewart-Warner	824	–5.0	–72.0	966	2.3	–18.6
Michigan National	761	0.2	4.0	309	17.3	5.7	Timken	825	–5.1	P-D	868	6.0	–30.7
WICOR	763	0.0	–8.7	267	18.5	39.6	Louisiana-Pacific	826	–5.2	–16.3	635	10.8	0.0
Liquid Air	764	–0.1	–30.3	642	10.7	6.3	Raymond Intl	827	–5.4	24.0	89	26.3	36.2
DEKALB AgResearch	765	–0.1	–58.6	621	11.0	–4.0	Grumman	828	–5.7	164.8	873	5.9	12.7
ACF Industries	766	–0.2	–97.7	879	5.8	–37.4	Anchor Hocking	829	–5.8	P-D	777	8.0	–18.1
Toledo Edison	767	–0.2	19.5	490	13.2	14.4	Diamond Shamrock	830	–6.1	–38.3	254	18.7	11.5
Puget Sound Pwr & Lt	768	–0.2	–21.8	357	15.9	20.4	Georgia-Pacific	831	–6.3	–72.3	602	11.4	17.4
Gifford-Hill	769	–0.3	–84.3	580	11.9	–24.4	Jim Walter	832	–6.4	113.9	787	7.9	2.8
Celanese	770	–0.6	–58.5	753	8.6	–7.9	Barnes Group	833	–6.4	P-D	632	10.8	–4.3
Avco	771	–0.6	–26.7	679	10.1	17.1	Champion Intl	834	–6.5	–40.9	866	6.0	7.4
Stauffer Chemical	772	–0.6	P-D	794	7.6	–20.2	Deere	835	–6.7	P-D	758	8.4	–22.5
Ampco-Pittsburgh	773	–0.6	P-D	142	22.8	–40.9	AMF	836	–6.8	P-D	973	1.9	–27.3
Ryan Homes	774	–0.8	105.8	605	11.3	42.8	UMC Industries	837	–6.8	–72.9	782	7.9	–6.6
Olin	775	–0.9	–6.2	859	6.1	–1.5	Kaufman & Broad	838	–6.8	D-P	849	6.3	7.3
Dana	776	–1.0	–25.2	615	11.1	2.8	No Indiana Pub Svc	838	–6.8	28.3	291	17.9	20.2
Duquesne Light	777	–1.1	7.6	665	10.3	3.5	Champion Spark Plug	840	–7.0	–32.7	767	8.2	–6.2
American Elec Power	778	–1.2	–6.2	372	15.6	2.9	Kellwood	841	–7.4	317.7	889	5.6	–3.4
Avondale Mills	779	–1.2	190.2	911	5.1	5.7	Colonial Penn Group	842	–7.6	119.1	296	17.7	11.6
White Consolidated	780	–1.3	–11.6	715	9.4	–0.8	Rexnord	843	–7.6	–70.4	749	8.6	–23.2
Monsanto	781	–1.3	–0.2	738	8.9	–7.6	Reichhold Chemicals	844	–7.7	45.4	772	8.0	–14.8
Stewart & Stevenson	782	–1.4	–19.4	477	13.4	–29.8	Yellow Freight System	845	–7.7	131.0	655	10.6	16.9
Transway Intl	783	–1.4	–30.1	948	3.5	1.2	B F Goodrich	846	–7.8	P-D	803	7.5	–0.6
Parker Pen	784	–1.5	P-D	333	16.5	–3.3	Genl Tire & Rubber	847	–7.8	10.5	971	2.0	–3.7
Dow Chemical	785	–1.6	–58.9	496	13.1	–4.1	Arvin Industries	848	–7.8	34.1	919	4.8	15.9
Manhattan Industries	786	–1.6	–1.2	871	5.9	10.4	McDermott Intl	849	–9.2	–13.2	203	20.0	–20.7
Textron	787	–1.7	–22.8	939	3.8	–10.5	Mead	850	–9.2	P-D	729	9.2	–13.0
Armstrong Rubber	788	–2.0	356.4	726	9.3	16.0	Walter E Heller Intl	851	–9.3	P-D		**	**
Williams Cos	789	–2.0	–74.8	674	10.1	–21.5	Fisher Foods	852	–9.6	–74.1	999	–5.3	–55.8
Texas Instruments	790	–2.1	P-D	313	17.1	4.4	Reynolds Metals	853	–9.6	P-D	745	8.7	–6.2
Amfac	791	–2.1	P-D	671	10.2	11.5	Colt Industries	854	–9.9	635.4	825	7.1	–24.6
Carter Hawley Hale	792	–2.2	–4.4	431	14.3	19.3	Dayco	855	–10.3	–64.4	820	7.3	–7.3
RCA	793	–2.2	5.8	766	8.2	7.3	Zenith Radio	856	–10.3	138.4	909	5.1	6.1
Black & Decker	794	–2.3	62.8	626	10.9	–13.1	Longview Fibre	857	–10.6	72.3	798	7.6	–5.8
Esco	795	–2.3	–12.7	645	10.7	17.9	Kaiser Alum & Chem	858	–10.8	P-D	740	8.9	–12.9
Cessna Aircraft	796	–2.4	P-D	721	9.4	–45.6	Polaroid	859	–11.0	–23.6	841	6.5	–9.6
National Distillers	797	–2.4	–54.7	850	6.3	18.4	U S Industries	859	–11.0	D-P	997	–4.7	–2.5
Amer Maize-Products	798	–2.6	–63.6	793	7.7	–12.5	Cummins Engine	861	–11.3	P-D	721	9.4	–14.8
Skyline	799	–2.6	33.1	964	2.4	8.9	Phelps Dodge	862	–11.3	P-D	903	5.2	–24.2
Ingersoll-Rand	800	–2.7	P-D	770	8.1	–22.8	Athlone Industries	863	–11.4	P-D	968	2.1	–22.2
Pennwalt	801	–2.8	–24.6	860	6.1	–10.7	Firestone	863	–11.4	3,540.0	979	1.4	–14.3
Gulf & Western Inds	802	–2.8	P-D	710	9.6	–26.9	Copperweld	865	–11.9	P-D	866	6.0	–39.1
Pac Gamble Robinson	803	–3.0	–21.9	800	7.5	3.5	Libbey-Owens-Ford	866	–12.3	44.1	853	6.2	–4.1
Weyerhaeuser	804	–3.1	–54.8	760	8.4	5.2	Castle & Cooke	867	–12.8	–52.3	538	12.4	–9.9
BancOhio	805	–3.4	–18.3	327	16.6	1.0	Crane	868	–13.1	P-D	944	3.7	–30.0
Gas Service	806	–3.4	–48.0	242	19.0	31.6	Amerace	869	–13.3	P-D	948	3.5	–16.5
Eagle-Picher Inds	807	–3.4	–28.3	887	5.7	–12.7	Del E Webb	870	–13.5	–73.7	979	2.0	–21.9
Burroughs	808	–4.0	68.6	544	12.4	19.9	Allen Group	871	–13.6	P-D	883	5.7	–3.1
Brockway Inc (NY)	809	–4.1	–39.5	570	12.0	8.0	Bucyrus-Erie	872	–13.6	P-D	890	5.6	5.7
Potlatch	810	–4.2	–27.6	845	6.3	4.0	Primark	873	–13.8	5.6	415	14.7	14.1
Willamette Inds	811	–4.2	–28.6	619	11.1	7.1	General Motors	874	–13.8	1,525.3	853	6.2	12.5
St Regis	812	–4.3	P-D	756	8.5	–1.4	J P Stevens	875	–14.1	110.9	855	6.2	–3.5
Tribune	813	–4.5	–2.1	690	9.9	13.4	Northwestern Steel	876	–14.1	P-D	935	4.0	–67.2
Owens-Corning Fbrgls	814	–4.6	57.9	434	14.2	13.7	Amdahl	877	–14.1	62.5	162	22.0	61.2
Ideal Basic Inds	815	–4.6	–48.3	845	6.3	–16.0	Caterpillar Tractor	878	–14.3	P-D	862	6.1	–42.8
Midland-Ross	815	–4.6	P-D	524	12.7	–13.5	AMAX	879	–14.4	P-D	362	15.8	–16.6
Warner-Lambert	817	–4.6	54.1	838	6.7	–8.8	Cyclops	880	–15.0	P-D	745	8.7	–1.5
Gould	818	–4.6	–27.7	775	8.0	–26.3	Lockheed	881	–16.1	D-P	703	9.7	16.4
Farm House Foods	819	–4.7	–87.0	28	38.7	3.2	Koppers	882	–16.2	–82.9	800	7.5	–22.7

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit. **Not available; not ranked.

Who's where in growth

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Northwest Airlines	883	–16.3%	358.7%	397	15.1%	17.8%
F W Woolworth	884	–16.4	D-P	928	4.3	–18.2
Eaton	885	–16.5	171.1	783	7.9	–14.7
H F Ahmanson	886	–16.7	D-P	289	17.9	29.8
Sheller-Globe	887	–17.1	500.1	956	2.9	17.0
Fruehauf	888	–17.3	P-D	878	5.8	–4.7
American Can	889	–17.7	1,108.3	864	6.0	–26.5
A O Smith	890	–17.7	D-P	940	3.7	10.7
Macmillan	891	–18.0	112.4	987	–1.5	–9.9
Crown Zellerbach	892	–18.8	174.8	827	7.1	–11.8
Sybron	893	–19.0	P-D	943	3.7	–15.8
Beneficial Corp	894	–19.2	D-P	876	5.8	–14.3
Manville	895	–19.8	D-P	734	9.0	–16.7
Mohasco	896	–19.8	355.3	980	1.3	–4.9
Savin	897	–20.0	D-D	55	30.1	–4.9
General Public Utils	898	–20.7	86.9	473	13.5	17.7
Kane-Miller	899	–21.9	P-D	993	–3.5	8.3
El Paso	900	–22.5	D-P	191	20.3	14.8
Masonite	901	–22.7	205.0	978	1.6	12.3
Gt Western Financial	902	–23.0	D-P	234	19.1	45.1
Pittston	903	–23.4	P-D	789	7.8	–33.6
RLC	904	–24.3	–55.8	955	3.0	–3.1
Calif Federal S&L	905	–24.9	D-P	93	26.0	75.9
Dravo	906	–25.1	P-D	751	8.6	–32.1
Borman's	907	–25.3	–36.5	732	9.1	0.4
Foodarama Supermkts	908	–26.1	264.7	921	4.6	3.9
Southwest Forest Inds	909	–26.4	P-D	882	5.7	–8.2
Peabody Intl	910	–26.5	D-P	742	8.8	5.0
Chromalloy American	911	–27.2	P-D	950	3.4	–26.4
Alexander's	912	–28.3	D-P	881	5.7	–0.1
Lukens	913	–29.0	P-D	856	6.2	–12.7
Glendale Federal S&L	914	–29.1	592.1	87	26.8	58.8
Clark Equipment	915	–31.1	D-P	986	–1.2	–35.8
Hanna Mining	915	–31.1	P-D	995	–4.2	–47.0
United States Steel	917	–33.6	P-D	676	10.1	13.1
National-Standard	918	–34.0	D-D	953	3.2	–20.7
Nashua	919	–35.0	D-D	666	10.3	–11.7
Amer Hoist & Derrick	920	–36.0	P-D	906	5.2	–33.6
Kerr Glass Mfg	921	–36.9	P-D	577	11.9	–3.6
L B Foster	922	–40.1	P-D	958	2.8	–33.9
CertainTeed	923	–45.9	D-P	907	5.2	14.9
Westmoreland Coal	924	–55.5	D-P	909	5.1	11.2
Allis-Chalmers	925	P-D	D-D	944	3.7	–31.3
AM International	925	P-D	D-P	951	3.3	–23.1
American Bakeries	925	P-D	D-D	954	3.1	–3.3
AMR	925	P-D	D-P	447	13.9	12.3
Amnco	925	P-D	P-D	742	9.5	–29.9
Baldwin-United	925	P-D	P-D	8	58.8	51.8
Bethlehem Steel	925	P-D	D-D	961	2.7	–28.4
Bird	925	P-D	D-D	941	3.7	–6.5
Chic Pneumatic Tool	925	P-D	P-D	815	7.4	–20.9
Eastern Air Lines	925	P-D	D-D	469	13.5	6.8
Evans Products	925	P-D	D-D	792	7.8	–6.5
Fedl Natl Mortgage	925	P-D	D-P	268	18.4	35.8
First Pennsylvania	925	P-D	D-D	946	3.5	–22.3
Ford Motor	925	P-D	D-P	920	4.7	10.0
GAF	925	P-D	D-D	998	–5.0	2.0
General Refractories	925	P-D	D-D	957	2.8	–27.0
Gibraltar Financial	925	P-D	D-P	171	21.4	24.3
Graniteville	925	P-D	D-D	959	2.8	–18.1
Gulf Resources & Chem	925	P-D	D-P	811	7.4	–18.1
Harnischfeger	925	P-D	D-D	900	5.3	–41.1
Home Federal S&L-Cal	925	P-D	D-P	186	20.7	29.4

Company	Earnings per share rank	5-year average*	83† vs 1980-82	Sales rank	5-year average*	83† vs 1980-82
Imperial Corp of Am	925	P-D	D-D	479	13.4%	13.9%
Inco	925	P-D	D-D	982	0.6	–47.4
Inland Steel	925	P-D	D-D	918	4.9	–12.0
Intl Harvester	925	P-D	D-D	981	0.9	–39.1
Interstate Bakeries	925	P-D	D-D	860	6.1	3.1
Jonathan Logan	925	P-D	500.0%	965	2.3	–9.2
Kaiser Steel	925	P-D	D-D	932	4.1	–34.4
Keystone Consolidated	925	P-D	D-D	962	2.6	–12.2
Mack Trucks	925	P-D	D-D	1003	–7.4	–20.0
Marion	925	P-D	D-D	95	25.9	–52.4
Massey-Ferguson	925	P-D	D-D	985	–0.6	–38.0
Mattel	925	P-D	P-D	164	21.9	1.4
National Intergroup	925	P-D	D-D	933	4.0	–20.9
NVF	925	P-D	D-D	562	12.2	–3.7
Oak Industries	925	P-D	P-D	116	24.4	–5.9
Pan Am World Airways	925	P-D	D-D	414	14.7	–3.7
Pettibone	925	P-D	D-D	929	4.3	–35.2
Ramada Inns	925	P-D	D-D	553	12.3	29.7
Republic Airlines	925	P-D	D-D	19	42.1	14.0
Republic Steel	925	P-D	D-D	929	4.3	–32.8
Revere Copper	925	P-D	D-D	916	4.9	–32.3
Talley Industries	925	P-D	D-P	992	–3.0	–16.1
Tiger International	925	P-D	D-D	126	23.8	–8.6
Toro	925	P-D	D-P	500	13.0	–9.5
Tosco	925	P-D	P-D	60	29.5	–5.4
Trans World	925	P-D	P-D	664	10.4	0.5
UAL	925	P-D	D-P	623	11.0	9.3
Uniroyal	925	P-D	26.0	988	–1.8	–9.1
United Brands	925	P-D	D-D	818	7.3	–13.0
Western Air Lines	925	P-D	D-D	656	10.5	7.7
Wheeling-Pitts Steel	925	P-D	D-D	983	0.1	–29.0
Wickes Cos	925	P-D	D-D	366	15.8	–11.9
Wilson Foods	925	P-D	D-D	976	1.8	–4.1
Allied Supermarkets	979	D-D	–53.9	1004	–8.7	–1.2
American Motors	979	D-D	D-D	926	4.4	13.4
Chrysler	979	D-D	D-P	996	–4.7	16.3
Cook United	979	D-D	D-D	844	6.4	7.2
Great Atl & Pac Tea	979	D-D	D-P	994	–3.7	–17.8
HRT Industries	979	D-D	D-D	583	11.8	9.5
Pantry Pride	979	D-D	–12.3	1005	–14.6	–14.3
Rath Packing	979	D-D	D-D	974	1.8	–7.1
Singer	979	D-D	–98.7	960	2.7	–10.1
Texas Air	979	D-D	D-D	15	46.6	66.5
United Merch & Mfrs	979	D-D	D-D	1001	–7.1	–22.3
Arden Group		D-P	–28.7	984	0.0	–6.7
Coleco Industries		D-P	85.7	102	25.3	120.0
Donaldson, Lufkin		D-P	27.8	32	36.3	18.0
GEICO		D-P	15.0	912	5.0	13.0
General Host		D-P	113.9	991	–2.8	29.4
Genesco		D-P	P-D	1002	–7.2	–13.3
Litton Industries		D-P	–24.7	850	6.3	0.2
MCI Communications		D-P	105.2	6	65.2	129.3
PSA		D-P	P-D	239	19.0	21.1
Pueblo International		D-P	13.2	989	–2.0	7.2
Rohr Industries		D-P	162.9	839	6.6	4.9
Sanders Associates		D-P	47.3	308	17.4	67.2
Scot Lad Foods		D-P	P-D	972	1.9	–0.2
Todd Shipyards		D-P	–12.2	195	20.2	–1.7
Warnaco		D-P	14.9	904	5.2	1.1
American President		**	**	681	10.0	12.2
Gulfstream Aerospace		**	**		**	**
Pabst Brewing		**	**		**	**
Swift Independent		**	2.0	826	7.1	11.2

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit; not ranked. D-D: deficit to deficit. **Not available; not ranked.

Wall Street was generous when earnings met optimistic expectations, ruthless when earnings disappointed.

Who's where in the stock market

AFTER BEING IN THE doghouse for many years, the stocks of the big companies, the kind covered in the Forbes Annual Reports, had a better time of it in 1983. Of the 1,008 companies in this year's survey, 472 outperformed the 5,000-stock Wilshire index over the five-year period. In the last survey, only 458 firms were able to make the same boast.

As 1983 drew to a close, the Wilshire index and the Dow industrials were up by the same amount: 19%. Thus the big stocks and the little stocks were more in gear this past year than they have been for a long time—meaning that last year's bull market was a broad one. But as the year progressed, much of the euphoria that began in August of 1982 was replaced by hard-nosed analysis of present and near-term corporate prospects. A number of lofty multiples were unable to stand up under such scrutiny. Investors couldn't bail out fast enough from the likes of Digital Equipment, Texas Instruments and Warner Communications. Other computer and technology firms also suffered sharp pullbacks as investors, realizing the increased competition in those fields, grew wary at even a slight downturn in quarterly earnings growth.

The action then moved to less exciting but seemingly undervalued groups of stocks: truckers, housewares and furnishings, railroads and chemicals.

In the last two years the Forbes list has had 14 superstars with five-year gains of 1,000% or more. The champion of them all? A $10,000 investment in Pulte Home at the end of 1978 is worth almost $300,000 today. This Michigan-based builder of inexpensive single-family homes, the best performer in this year's stock market survey, advanced 2,885% in price over five years. It outperformed last year's top stock, First Executive, by some 14%.

In spite of the air pockets that were encountered by so many former high-flyers, there were plenty of chances to make good money in stocks in 1983. A year ago, the 100th-ranked stock was ahead 244%, but this time the 100th-ranked issue shows a 314% price gain. Lowe's Cos., now ranked 154, did as well as last year's 100th-ranked stock.

In all, 115 companies increased by 300% or more over five years. Over the same period, the Consumer Price Index rose 54.9%, and 632 of the companies covered here more than kept up with this inflation. Factor in an average dividend yield of a little over 4%, and you can see that, on the whole, shareholders of major corporations fared well on Wall Street over the last five years.

It seems so very long ago when everybody wanted such things as commodity options and Mickey Mouse ashtrays and nobody wanted common stocks. It looks as if the 1980s are going to be the decade of the stock market, just as the 1970s were the decade of the inflation hedge.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
1	*	Pulte Home	2,885.3%	37½ – ⅞	27⅜	$ 3.71	7.4	$1.82	15	$0.10	0.4%
2	1	First Executive	1,883.1	18⅞ – ⅝	11⅛	5.07	2.2	0.92	12	none	0.0
3	3	Subaru of America	1,636.8	87 – 4⅝	82½	16.93	4.9	7.75	11	1.24	1.5
4	7	Toys "R" Us	1,522.1	48⅝ – 2½	41¼	6.12	6.7	1.26	33	none	0.0
5	2	MCI Communications	1,432.5	28½ – ⅞	14⅜	3.31	4.3	0.93	15	none	0.0
6	15	Wal-Mart Stores	1,385.6	46⅝ – 2⅞	42¼	3.67	11.5	1.21	35	0.14	0.3
7	*	Limited	1,306.7	31 – 1	26⅜	2.10	12.6	0.84	31	0.12	0.5
8	*	Coleco Industries	1,235.6	65 – 1½	20⅞	6.06	3.4	2.68	8	none	0.0
9	*	Fin Corp of America	1,053.2	32¾ – 1⅝	23⅜	5.62	4.2	4.60	5	0.68	2.9
10	12	Zayre	993.3	52¼ – 4⅛	46⅛	17.56	2.6	3.02	15	0.30	0.7
11	10	Anixter Bros	880.5	29 – 2⅜	22⅜	6.68	3.3	0.72	31	0.24	1.1
12	4	Wang Laboratories	837.8	42½ – 3½	34⅞	7.09	4.9	1.24	28	0.12	0.3
13	29	Chic & North Western	829.6	53⅞ – 3¾	47¼	11.30	4.2	0.59	NM	none	0.0
14	8	Bergen Brunswig	821.0	39½ – 3	27½	7.72	3.6	1.50	18	0.32	1.2
15	250	Rose's Stores	800.1	24 – 2¼	21	9.41	2.2	2.00	11	0.24	1.1
16	*	Oxford Industries	795.9	51⅝ – 4⅜	42	18.52	2.3	4.29	10	0.64	1.5
17	37	GEICO	778.6	64 – 6⅞	61½	16.85	3.6	4.20	15	0.72	1.2
18	71	Stop & Shop Cos	740.4	62⅝ – 5⅛	54⅜	17.70	3.1	3.94	14	0.75	1.4
19	41	Berkshire Hathaway	729.1	1,320 – 154	1,310	737.06	1.8	56.68	23	none	0.0
20	32	G Heileman Brewing	727.8	44 – 3⅞	32½	7.33	4.4	2.10	15	0.46	1.4
21	136	Varian Associates	725.9	63⅜ – 6⅞	55¾	14.06	4.0	2.14	26	0.26	0.5
22	36	Electronic Data Systems	723.7	42⅛ – 4⅜	39⅛	4.48	8.7	1.10	36	0.34	0.9
23	48	VF	697.0	41⅜ – 4¼	33⅝	9.46	3.6	3.55	9	1.00	3.0
24	55	E-Systems	654.2	44¾ – 4	35	6.63	5.3	1.70	21	0.50	1.4
25	14	E F Hutton Group	641.5	53⅛ – 4⅞	36¾	18.68	2.0	5.80	6	0.80	2.2
26	62	R H Macy	639.5	64⅞ – 7⅛	58¾	18.99	3.1	3.88	15	0.80	1.4
27	82	Dillard Dept Stores	610.8	62¾ – 6	57¾	23.10	2.5	4.80	12	0.30	0.5
28	50	Texas Oil & Gas	598.6	26⅞ – 3⅜	23¼	4.41	5.3	1.40	17	0.16	0.7
29	27	Paine Webber	592.4	61⅜ – 5⅜	37	12.08	3.1	5.53	7	0.60	1.6
30	97	Stone Container	588.3	40½ – 5¾	40⅜	14.82	2.7	0.24	NM	0.60	1.5
31	*	MEI	579.1	37¼ – 4⅞	36½	8.12	4.5	2.20	17	0.36	1.0
32	51	Warnaco	567.4	36¼ – 4⅜	29	14.64	2.0	2.67	11	0.70	2.4
33	*	State Street Boston	556.7	47½ – 5	33¼	24.36	1.4	4.23	8	0.90	2.7
34	*	Sanders Associates	547.1	61 – 8⅛	55	15.11	3.6	2.14	26	0.44	0.8
35	40	Lockheed	544.2	47½ – 6	41⅞	7.78	5.4	3.94	11	none	0.0
36	113	Saga	543.6	40¼ – 3½	31⅜	10.62	3.0	2.17	14	0.36	1.1
37	39	Federal Express	541.9	44¼ – 5¼	42⅛	11.47	3.7	2.19	19	none	0.0
38	35	Walgreen	531.1	40 – 6⅛	39¼	9.81	4.0	2.28	17	0.72	1.8
39	17	Sysco	529.5	44½ – 5⅞	37¼	11.55	3.2	1.96	19	0.36	1.0
40	41	First Boston	526.4	66⅞ – 5	42	28.33	1.5	8.35	5	2.10	5.0
41	116	Fuqua Industries	526.0†	39⅞ – 4½	27	9.91	2.7	3.94	7	0.36	1.3
42	182	Fleetwood Enterprises	524.7	41⅞ – 2⅝	34¼	6.85	5.1	1.87	19	0.30	0.9
43	*	Cole National	519.0	37 – 4⅜	30⅜	10.94	2.8	1.80	17	0.48	1.6
44	83	Dow Jones	517.2	57 – 8	49⅜	5.24	9.4	1.64	30	0.60	1.2
45	70	Avnet	512.4	50 – 7⅛	43½	15.08	2.9	1.61	27	0.50	1.1
46	5	Comdisco	510.5	42 – 1¾	19	3.87	4.9	1.78	11	0.16	0.8
47	6	Humana	507.6	40 – 4⅜	28⅜	5.74	5.0	1.96	15	0.72	2.5
48	52	Marriott	503.1	81 – 11⅜	73⅛	19.43	3.8	3.95	19	0.36	0.5
49	151	Burlington Northern	488.7	109½ – 17¾	104½	76.66	1.4	9.99	10	1.80	1.7
50	*	ROLM	471.6	80 – 10⅛	59⅛	17.39	3.4	1.45	41	none	0.0
51	11	Food Lion	470.5	15 – 1⅞	11¼	1.88	6.0	0.50	23	0.04	0.4
52	*	Wometco Enterprises	465.9	43⅞ – 7½	41⅞	11.30	3.7	1.61	26	0.44	1.1
53	13	Beverly Enterprises	463.8	44¼ – 3⅞	27¼	11.57	2.4	1.42	19	0.28	1.0
54	56	Natl Convenience Stores	459.0	21½ – 3¼	20½	4.76	4.3	1.00	21	0.40	2.0
55	9	Tandy	450.4	64½ – 4½	37½	10.71	3.5	2.72	14	none	0.0
56	86	Parsons	450.3	27¼ – 4⅛	24	7.16	3.4	1.81	13	1.00	4.2
57	125	United States Shoe	448.8	49 – 5½	38⅞	15.42	2.5	3.07	13	0.76	2.0
58	19	Natl Medical Entrprs	447.6	32⅜ – 3½	23	9.88	2.3	1.54	15	0.44	1.9
59	63	Pneumo	440.4	33⅜ – 3⅞	26⅞	8.48	3.2	2.31	12	0.50	1.9
60	80	Dean Foods	438.5	39¼ – 5	35	10.03	3.5	2.24	16	0.60	1.7
61	149	Esmark	432.2	44⅜ – 7⅜	40⅞	20.31	2.0	3.76	11	1.04	2.5
62	94	General Cinema	427.3	45½ – 8	43½	9.12	4.8	4.95	9	0.64	1.5
63	78	General Host	425.6	17⅜ – 3⅛	16½	10.33	1.6	1.35	12	0.35	2.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. NM: not meaningful

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
64	188	Savannah Foods	423.1%	36 – 6⅜	34¼	$20.70	1.7	$ 7.27	5	$1.80	5.3%
65	128	Sherwin-Williams	422.5	31¾– 4⅞	26⅛	14.55	1.8	2.21	12	0.60	2.3
66	134	Mitchell Energy & Dev	422.2	45⅝– 4½	23½	9.54	2.5	1.77	13	0.24	1.0
67	91	Giant Food	421.6	25 – 4⅛	21⅞	11.56	1.9	2.58	8	0.60	2.7
68	132	American Greetings	417.6	28⅝– 4⅞	27½	10.18	2.7	1.60	17	0.42	1.5
69	*	Allegheny Beverage	415.6	24¾– 3⅜	20⅝	7.36	2.8	2.60	8	0.40	1.9
70	44	James River Corp Va	399.0	42¼– 6⅜	34⅜	13.99	2.5	2.97	12	0.40	1.2
71	435	Levitz Furniture	397.3	47½– 8⅞	46	16.37	2.8	1.99	23	0.72	1.6
72	126	Intel	387.9	46¼– 8¼	40¼	6.09	6.6	0.73	55	none	0.0
73	18	Waste Management	383.9	61⅞– 8¾	43¾	14.09	3.1	2.53	17	0.68	1.6
74	427	Collins & Aikman	374.6	45 – 6¼	39¾	18.95	2.1	3.13	13	1.00	2.5
75	53	Browning-Ferris Inds	374.0	47⅝– 7¾	39½	10.76	3.7	2.31	17	0.80	2.0
76	67	ConAgra	373.1	35 – 7¼	34½	15.17	2.3	2.67	13	1.14	3.3
77	76	Hannaford Bros	364.0	30 – 5⅜	29⅞	14.72	2.0	2.98	10	0.80	2.7
78	59	Merrill Lynch	363.4	56½– 7¾	35⅝	18.36	1.9	4.94	7	0.80	2.2
79	21	Metromedia	363.3	57 – 5⅛	25¼	4.10	6.2	2.26	11	0.76	3.0
80	85	Peoples Drug Stores	362.2	31¾– 4⅞	26½	10.08	2.6	1.79	15	0.28	1.1
81	16	SCOA Industries	360.2	33⅞– 6	27¾	9.26	3.0	1.92	14	0.60	2.2
82	24	USAir Group	355.2	39⅞– 6½	33	22.52	1.5	2.85	12	0.12	0.4
83	100	CFS Continental	353.8	26¼– 4¼	25⅜	12.61	2.0	1.86	14	0.40	1.6
84	131	Hartmarx	353.3	36¼– 6½	34	20.19	1.7	2.76	12	0.94	2.8
85	34	EG&G	350.0	38⅛– 6½	32⅝	5.93	5.5	1.50	22	0.40	1.2
86	123	Rite Aid	349.4	44⅜– 9½	44⅜	12.37	3.6	2.79	16	0.64	1.4
87	61	Payless Cashways	348.9	34½– 5⅜	26⅜	5.65	4.7	1.23	21	0.12	0.5
88	606	Roper Corp	345.8	29⅜– 4¼	21⅞	13.95	1.6	1.99	11	0.50	2.3
89	*	City Federal S & L	343.9‡‡	15½– 2½	11⅝	9.44	1.2	2.05	6	none	0.0
90	110	Super Valu Stores	343.2	37 – 7¾	34⅜	8.90	3.9	2.01	17	0.60	1.7
91	23	Piedmont Aviation	342.8	42⅛– 7⅜	32¾	23.49	1.4	1.60	20	0.28	0.9
92	210	Trinity Industries	342.5	30¾– 4⅜	22⅛	11.74	1.9	0.82	27	0.50	2.3
93	*	Trust Co of Georgia	339.3	42 – 8½	41	17.28	2.4	4.15	10	1.00	2.4
94	108	Commercial Metals	338.9	27⅞– 5	21½	17.50	1.2	1.25	17	0.36	1.7
95	25	Donaldson, Lufkin	337.9	24⅞– 3¼	15⅞	11.41	1.4	1.55	10	0.24	1.5
96	618	Northwest Energy	334.6	39½– 8⅞	38¾	22.66	1.7	1.76	22	1.50	3.9
97	215	American Stores	330.3	44 – 6¼	39⅝	12.15	3.3	3.11	13	0.48	1.2
98	*	Jerrico	330.3	23¾– 3⅞	17¾	10.29	1.7	1.35	13	0.12	0.7
99	157	Meredith	317.3	42⅝– 9	38¼	20.95	1.8	3.91	10	0.72	1.9
100	115	Waldbaum	313.7	28¼– 4⅛	17	19.35	0.9	3.08	6	none	0.0
101	20	M/A-Com	313.5	35½– 5½	24⅛	7.75	3.1	0.72	34	0.20	0.8
102	49	Shopwell	313.5	35⅜– 3⅜	13⅜	17.30	0.8	1.82	7	0.16	1.2
103	73	Loews	312.7	176 –41¼	171¼	119.13	1.4	26.47	6	1.20	0.7
104	231	Rohm & Haas	312.6	81 –15⅞	65¼	31.31	2.1	5.17	13	1.60	2.5
105	350	Associated Dry Goods	312.2	71½–15¾	67½	41.66	1.6	5.37	13	2.20	3.3
106	156	Dayton-Hudson	311.6	41 – 8⅝	35⅜	13.98	2.5	2.31	15	0.65	1.8
107	461	Culbro	310.5	26½– 3	24⅜	27.48	0.9	1.97	12	0.60	2.5
108	394	Brunswick	308.9	26⅛– 5⅛	25⅞	15.64	1.7	1.61	16	0.60	2.3
109	74	Pay Less Drug NW	308.7	20⅛– 3⅞	17⅝	6.07	2.9	1.14	15	0.27	1.5
110	174	M Lowenstein	307.6	55¼– 7½	54	50.65	1.1	5.31	10	1.60	3.0
111	244	Perini	307.5	43⅜–10⅛	40¼	28.55	1.4	4.05	10	0.80	2.0
112	66	PHH Group	306.3	47 – 7⅜	32¼	11.94	2.7	2.24	14	0.84	2.6
113	118	Purolator	305.0	70 –14	67½	20.75	3.3	4.54	15	1.20	1.8
114	93	Brown Group	303.1	39⅞– 7¼	32¾	17.29	1.9	3.03	11	1.10	3.4
115	129	Seagram	302.7	37⅞– 9¼	37¾	28.55	1.3	2.47	15	0.68	1.8
116	31	Hospital Corp of Am	297.1	56⅜– 8¾	40⅜	15.92	2.5	2.68	15	0.40	1.0
117	161	Penn Central	297.1	41⅛– 9¼	39⅜	36.93	1.1	2.15	18	none	0.0
118	65	ServiceMaster Inds	296.7	46 – 7⅞	33½	2.51	13.3	1.11	30	0.88	2.6
119	141	Flowers Industries	296.3	21¼– 4⅜	19⅜	7.31	2.7	1.28	15	0.48	2.5
120	140	Pioneer	293.9	33⅜– 6⅛	24¼	9.95	2.4	2.11	11	1.24	5.1
121	175	Arden Group	293.8	8¾– 2⅜	7⅞	9.79	0.8	0.63	13	none	0.0
122	101	G D Searle	290.6	55⅞–11½	51¾	13.32	3.9	3.03	17	0.52	1.0
123	329	Magic Chef	288.9	41 – 6	39⅜	20.42	1.9	3.37	12	0.72	1.8
124	158	Grumman	288.5	33⅜– 7½	29⅝	13.61	2.2	2.48	12	0.90	3.0
125	121	Nordstrom	283.1	46¼– 7½	36⅞	10.92	3.4	2.03	18	0.28	0.8
126	539	Strawbridge & Clothier	281.7	72 –16¼	72	62.10	1.2	8.03	9	1.50	2.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. ‡‡Three year price change.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
127	370	Natl Semiconductor	281.2%	20 – 4⅛	18	$ 4.68	3.8	$–0.06	def	none	0.0%
128	208	Mercantile Stores	280.2	75½–12⅜	50⅜	31.08	1.6	5.10	10	$1.00	2.0
129	90	McGraw-Hill	274.3	53⅞–11⅞	45⅝	10.85	4.2	2.44	19	1.08	2.4
130	87	Capital Cities Commun	272.2	157½–36¾	147½	41.29	3.6	8.04	18	0.20	0.1
131	219	Sonoco Products	272.0	46½–12⅜	46½	19.99	2.3	2.83	16	1.10	2.4
132	64	Supermarkets General	270.8	27⅝– 5½	23⅞	11.66	2.0	2.25	11	0.38	1.6
133	22	General Instrument	269.1	66⅞– 8⅞	33⅜	19.22	1.7	2.32	14	0.50	1.5
134	*	First Atlanta	267.8	23 – 4¾	21¼	14.27	1.5	2.70	8	0.76	3.6
135	111	General Dynamics	267.1	60 –13⅜	58⅜	21.57	2.7	4.95	12	1.00	1.7
136	334	Hanover Insurance	265.6	65¼–14⅞	55¾	59.06	0.9	7.80	7	0.88	1.6
137	124	Dynalectron	265.4	17⅜– 3⅛	11⅞	9.40	1.3	1.02	12	0.25	2.1
138	823	Allied Supermarkets	264.3	4⅞– ⅝	3¼	7.44	0.4	0.26	12	none	0.0
139	69	Litton Industries	263.6	86⅞–17¼	64⅜	42.51	1.5	5.41	12	1.80	2.8
140	58	U S Home	263.0	20¾– 3½	13⅛	8.72	1.5	0.93	14	0.32	2.4
141	146	Rockwell Intl	262.0	35½– 8⅞	32⅛	13.39	2.4	2.52	13	0.88	2.7
142	218	AMP	259.2	112 –29½	110	19.91	5.5	4.00	28	1.60	1.5
143	227	National Svc Inds	257.9	43 –10¾	38¼	18.17	2.1	3.37	11	1.20	3.1
144	133	Dun & Bradstreet	255.6	70 –15⅜	62	8.96	6.9	2.87	22	1.60	2.6
145	195	Curtice-Burns	255.3	27 – 6⅞	25⅜	13.26	1.9	2.40	11	0.69	2.7
146	54	Nucor	255.2	41⅛–10⅛	37	16.60	2.2	1.75	21	0.32	0.9
147	167	Kelly Services	253.6	47½–10¾	44	12.73	3.5	2.33	19	1.00	2.3
148	258	SEDCO	252.7	49 – 8⅛	35⅛	20.10	1.7	5.95	6	0.58	1.7
149	228	Motorola	252.0	150 –36	140⅛	44.40	3.2	5.30	26	1.60	1.1
150	186	Fleming Cos	250.0	31⅛– 7⅛	28	13.09	2.1	2.24	13	0.72	2.6
151	422	Munford	247.9	27 – 4¼	20⅞	12.68	1.6	1.72	12	0.50	2.4
152	46	Teledyne	246.8	174¾–47⅛	165⅛	101.00	1.6	12.14	14	none	0.0
153	237	Ametek	243.8	26 – 7½	26	7.26	3.6	1.41	18	0.80	3.1
154	337	Lowe's Companies	243.8	32¾– 5½	24¾	5.96	4.2	1.16	21	0.32	1.3
155	142	Borg-Warner	241.8	27¾– 6¾	24¼	16.19	1.5	1.95	12	0.84	3.5
156	194	Tyco Laboratories	241.8	29⅛– 8⅛	28⅝	17.29	1.7	2.18	13	0.70	2.4
157	233	Avery International	240.0	25½– 7⅛	25½	10.34	2.5	1.62	16	0.52	2.0
158	60	Republic New York	238.6	50 –11⅜	39½	29.78	1.3	5.54	7	1.52	3.8
159	77	Allied Bancshares	235.1	27½– 6⅛	21	9.92	2.1	2.51	8	0.76	3.6
160	406	Super Food Services	233.9	30 – 5⅞	27¼	10.10	2.7	1.94	14	0.40	1.5
161	98	Dibrell Brothers	233.3	27⅜– 5¼	20	18.07	1.1	3.39	6	0.80	4.0
162	43	Todd Shipyards	231.7	41¾–10⅛	34	27.32	1.2	4.67	7	1.32	3.9
163	112	Revco D S	230.9	36¼– 9⅛	34⅛	11.59	3.0	2.22	15	0.68	2.0
164	286	Univar	229.8	35 – 6¾	23½	17.58	1.3	1.26	19	0.68	2.9
165	126	Albertson's	228.1	30¼– 8⅛	30¼	10.44	2.9	1.98	15	0.60	2.0
166	239	Holiday Inns	227.5	59 –13¾	53⅜	24.94	2.2	3.15	17	0.84	1.6
167	81	Hewlett-Packard	226.0	48¼–10½	36⅝	9.37	3.9	1.69	22	0.18	0.5
168	902	Chrysler	223.2	35⅝– 3	27⅞	–5.61	NE	1.62	17	none	0.0
169	153	New York Times	222.9	30⅝– 6	30	8.75	3.4	1.73	17	0.48	1.6
170	373	Macmillan	221.6	38¾– 9½	30⅝	15.42	2.0	2.35	13	0.80	2.6
171	787	Pantry Pride	221.4	7¾– 1⅜	5⅜	–3.68	NE	0.19	30	none	0.0
172	148	Flickinger	220.8	28⅝– 6⅛	25	13.95	1.8	2.42	10	0.66	2.6
173	169	Thriftimart	218.8	51 –15⅛	51	64.46	0.8	4.81	11	1.60	3.1
174	319	Archer Daniels Midland	218.0	26½– 7⅛	23¼	16.64	1.4	1.35	17	0.14	0.6
175	211	Masco	217.0	37 – 9⅝	31½	10.44	3.0	1.76	18	0.44	1.4
176	*	Life Investors	216.7	34 –10	33⅜	26.12	1.3	2.89	12	0.24	0.7
177	217	Zapata	216.2	39⅜– 5¼	16¼	20.86	0.8	2.45	7	0.84	5.2
178	205	R R Donnelley & Sons	214.7	48 –11⅞	42⅞	16.43	2.6	2.88	15	0.84	2.0
179	850	Scot Lad Foods	214.3	11⅜– 3½	11	8.18	1.3	–0.11	def	none	0.0
180	685	Fidelcor	209.9	37¾– 8⅞	35¼	40.17	0.9	8.43	4	2.20	6.2
181	30	Big V Supermarkets	208.6	16⅝– 2⅞	12½	6.65	1.9	1.20	10	0.40	3.2
182	203	Hershey Foods	207.9	35 – 8¾	31¾	16.99	1.9	2.99	11	1.15	3.6
183	425	North Amer Philips	207.4	79⅝–23½	78	56.57	1.4	6.31	12	1.70	2.2
184	302	Circle K	207.2	25 – 7⅛	24	6.16	3.9	1.63	15	0.74	3.1
185	312	West Point-Pepperell	206.5	53 –13⅜	50	38.33	1.3	5.10	10	2.20	4.4
186	204	Manhattan Industries	206.5	25⅜– 4¼	24⅞	15.64	1.6	2.01	12	0.30	1.2
187	447	Santa Fe Industries	205.1	36⅜– 9⅞	30	29.60	1.0	2.21	14	1.00	3.3
188	137	Barnett Banks Fla	204.9	41 –11⅛	39⅛	23.64	1.7	4.44	9	1.20	3.1
189	*	Banc One	203.4	31⅛– 7⅜	29¼	14.19	2.1	2.60	11	0.96	3.3

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.
*Not ranked last year. def: deficit. NE: negative equity.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
190	*	Cox Communications	203.1%	55¼–13⅞	42¼	$15.21	2.8	$2.49	17	$0.30	0.7%
191	707	G C Murphy	202.1	40⅜– 9⅝	36¼	33.74	1.1	3.73	10	1.28	3.5
192	335	H H Robertson	201.9	42 –13⅜	40	29.07	1.4	3.62	11	1.60	4.0
193	200	Farm House Foods	201.9	7 – 1⅝	6⅛	3.04	2.0	0.03	NM	none	0.0
194	185	Dover	201.8	38½–10	31½	12.61	2.5	2.10	15	0.74	2.3
195	273	Ceco	201.1	24½– 7½	22⅜	26.35	0.8	2.38	9	0.72	3.2
196	105	Washington Post	201.1	72 –15⅞	70	18.32	3.8	4.37	16	0.66	0.9
197	159	Golden West Finl	200.0	30½– 4½	23½	7.66	3.1	3.70	6	0.06	0.3
198	444	Sheller-Globe	200.0	33½– 4¾	27	17.79	1.5	1.82	15	0.60	2.2
198	719	Southern Pacific	200.0	41⅞–12½	37⅞	41.86	0.9	9.52	4	1.50	4.0
200	92	Alleghany	199.4	95 –17½	64⅜	42.55	1.5	5.51	12	1.08	1.7
201	152	Pioneer Hi-Bred Intl	199.4	34¼– 9	30⅛	10.43	2.9	1.37	22	0.72	2.4
202	177	Abbott Laboratories	197.0	533⅓–14⅞	50⅛	10.74	4.7	2.70	19	1.00	2.0
203	402	Dorsey	196.8	44⅝–12	34⅞	23.49	1.5	3.19	11	1.20	3.4
204	88	Blount	196.3	19½– 4¼	12½	7.32	1.7	1.59	8	0.30	2.4
205	299	Westinghouse Electric	196.2	53⅜–16½	49¼	36.31	1.4	4.66	11	1.80	3.7
206	229	Time Inc	195.9	78⅛–17⅞	63¼	23.73	2.7	2.51	25	1.00	1.6
207	166	A C Nielsen	194.6	39⅜–10⅛	34¼	9.95	3.4	2.20	16	0.68	2.0
208	254	Pitney Bowes	193.0	35¾–10⅞	34¼	14.32	2.4	2.04	17	0.92	2.7
209	667	Shaklee	191.6	42¼– 6⅜	19½	9.69	2.0	2.71	7	0.72	3.7
210	339	A H Robins	191.4	29⅜– 6⅝	25½	13.29	1.9	2.37	11	0.68	2.7
211	263	Fleet Financial	190.8	50¾–15	47¼	37.03	1.3	6.71	7	2.40	5.1
212	236	Kane-Miller	190.6	19⅞– 6¾	19¼	38.82	0.5	–2.47	def	0.28	1.5
213	145	General Re	189.8	73 –18⅞	64⅛	25.29	2.5	4.73	14	1.28	2.0
214	268	Armstrong Rubber	189.8	44¼– 7¼	35½	35.37	1.0	4.64	8	0.80	2.3
215	220	Morrison-Knudsen	189.7	46½– 9⅜	28¼	29.98	0.9	3.74	8	1.32	4.7
216	356	PPG Industries	189.6	37¼–11⅞	34¾	24.55	1.4	2.96	12	1.28	3.7
217	38	Amer Medical Intl	189.5	37¼– 6½	24⅛	9.15	2.6	2.05	12	0.48	2.0
218	344	Equifax	188.0	37⅞– 8½	29⅞	10.43	2.9	2.32	13	1.60	5.4
219	226	Turner Construction	187.6	42½–12½	37¾	22.52	1.7	5.73	7	2.00	5.3
220	336	Bausch & Lomb	187.2	35 – 8⅞	28	10.47	2.7	1.49	19	0.78	2.8
221	122	Fort Howard Paper	187.0	62 –17⅞	55¼	16.40	3.4	3.73	15	1.32	2.4
222	442	KN Energy	186.9	56 –14⅝	44¾	18.27	2.4	3.47	13	1.48	3.3
223	360	Phillips-Van Heusen	184.9	21⅛– 5	18⅞	18.31	1.0	2.17	9	0.40	2.1
224	207	Ball Corp	184.4	36⅜– 9½	32	20.96	1.5	3.39	9	1.16	3.6
225	240	First Union	183.9	41½– 9⅞	39¾	27.61	1.4	5.28	8	1.36	3.4
226	562	Amstar	183.6	50⅝–14	45⅜	40.56	1.1	3.16	14	1.90	4.2
227	266	Service Merchandise	180.9	27 – 3⅞	23⅞	7.08	3.4	1.30	18	0.08	0.3
228	601	Uniroyal	180.0	17⅞– 3⅛	15¾	17.60	0.9	0.84	19	none	0.0
229	310	Bell & Howell	179.4	28¾– 7⅜	22	15.24	1.4	2.93	8	0.50	2.3
230	349	Roadway Services	179.3	71¼–22	69⅛	22.75	3.0	4.59	15	1.80	2.6
231	106	Ryder System	178.7	61⅜–14¼	58	25.00	2.3	4.16	14	1.08	1.9
232	275	Wachovia	177.9	47⅛–15¼	45½	27.96	1.6	4.72	10	1.56	3.4
233	*	Global Marine	177.8	36½– 3½	9⅛	14.85	0.6	2.04	5	0.24	2.6
234	103	Anheuser-Busch Cos	176.3	77 –19⅜	65⅜	34.10	1.9	6.37	10	1.76	2.7
235	109	Weis Markets	176.3	40⅜– 9⅞	28¾	11.89	2.4	2.33	12	0.56	1.9
236	68	Cincinnati Milacron	176.1	46⅜–10	30⅜	14.53	2.1	–0.65	def	0.72	2.4
237	274	Ruddick	175.4	29⅝– 6¾	22⅜	17.62	1.3	2.64	8	0.77	3.4
238	295	Morton Thiokol	174.9	80½–21¼	79⅜	32.78	2.4	5.50	14	1.76	2.2
239	510	Outboard Marine	174.6	46⅜– 8⅞	46	38.12	1.2	4.51	10	1.04	2.3
240	191	Martin Marietta	172.8	43⅛–13¼	36⅜	15.15	2.4	3.37	11	1.34	3.7
241	197	Citizens & Sthrn Ga	172.5	15⅞– 4¾	13⅝	10.96	1.2	1.83	7	0.64	4.7
242	441	AMR	171.7	38⅛– 6¾	36	22.07	1.6	2.18	17	none	0.0
243	700	Cone Mills	170.7	63½–22½	61¼	60.95	1.0	2.93	21	1.60	2.6
244	288	Shell Oil	170.0	65½–15⅛	43⅜	33.30	1.3	4.92	9	2.00	4.6
245	154	Wyman-Gordon	170.0	37⅛–11	33¾	15.01	2.2	2.16	16	0.80	2.4
246	199	Times Mirror	169.8	88 –28	80¼	28.92	2.8	5.00	16	2.00	2.5
247	175	Deluxe Check Printers	168.3	47⅞–12	40¼	11.23	3.6	3.24	12	1.36	3.4
248	328	Arkla	168.2	29⅞– 7¾	21⅜	9.64	2.2	1.56	14	1.04	4.9
249	165	Control Data	168.1	64⅜–14½	46¼	46.10	1.0	4.05	11	0.60	1.3
250	467	Alexander's	168.0	18⅜– 5⅛	16¾	14.14	1.2	1.03	16	none	0.0
251	751	Harris Bankcorp	167.0	73½–20⅜	70¾	57.72	1.2	5.00	14	2.32	3.3
252	377	Alexander & Baldwin	165.7	46¼–16¼	45½	39.22	1.2	5.30	9	2.00	4.4

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
253	180	Alco Standard	164.6%	40¼–11⅜	31¾	$18.85	1.7	$2.70	12	$1.16	3.7%
254	198	Baxter Travenol Labs	164.0	31⅜– 8⅞	27⅛	7.52	3.6	1.51	18	0.28	1.0
255	213	Melville	162.6	47⅜–11⅞	34⅝	13.47	2.6	2.91	12	1.09	3.1
256	144	Cabot	162.2	36⅝–10¼	26⅞	20.20	1.3	2.00	13	0.92	3.4
257	307	Colt Industries	161.9	50½–17	47⅝	18.51	2.6	3.26	15	2.20	4.6
258	247	United Virginia Bshs	161.5	31⅞–10½	29¾	23.85	1.2	4.20	7	1.28	4.3
259	99	Hilton Hotels	161.5	60¼–22	58½	21.31	2.7	3.96	15	1.80	3.1
260	592	DeSoto	160.4	37⅛–10	29⅝	21.31	1.4	2.97	10	1.24	4.2
261	96	Whittaker	159.8	50⅞–11⅜	29⅞	22.86	1.3	2.22	13	1.60	5.4
262	666	Reichhold Chemicals	159.6	38⅞– 9⅜	30½	24.32	1.3	2.03	15	0.60	2.0
263	304	H J Heinz	159.4	36¼–11⅝	34⅜	15.77	2.2	3.09	11	1.40	4.1
264	609	American Family	159.0	20¼– 5⅞	19⅜	11.17	1.7	1.53	13	0.60	3.1
265	353	Monfort of Colorado	158.7	21⅛– 3⅜	14⅞	11.36	1.3	3.48	4	none	0.0
266	504	Witco Chemical	158.4	35⅞–13⅜	35¼	20.72	1.7	3.11	11	1.32	3.7
267	150	Superior Oil	158.4	50¼–12¼	34	18.12	1.9	1.63	21	0.20	0.6
268	300	Consol Freightways	157.3	59⅛–18	57¼	36.97	1.5	4.61	12	1.80	3.1
269	139	Centex	157.1	33⅛–11½	30	18.27	1.6	2.48	12	0.25	0.8
270	192	Bankers Trust NY	156.4	49½–16½	42⅜	49.86	0.9	7.90	5	2.25	5.3
271	386	Southland	155.8	48¼–11¼	43	19.48	2.2	3.39	13	0.84	2.0
272	202	American General	155.8	24⅛– 8⅜	23⅛	19.25	1.2	2.86	8	0.80	3.5
273	315	Cluett, Peabody	155.2	32¼– 7¼	27¾	24.03	1.2	2.83	10	0.92	3.3
274	489	White Consolidated	154.8	45⅜–17	43	36.09	1.2	3.06	14	1.50	3.5
275	317	Quaker Oats	154.6	60¼–22	58¼	31.94	1.8	3.03	19	2.20	3.8
276	833	Zenith Radio	153.4	34½– 7⅛	32⅝	14.42	2.3	0.85	38	none	0.0
277	147	Shawmut	153.4	40½–14⅝	37⅜	43.95	0.9	4.67	8	1.92	5.1
278	257	Harvey Hubbell	153.1	37¼–12⅛	30⅜	17.69	1.7	2.48	12	1.24	4.1
279	269	Thrifty Corp	152.6	25⅛– 4⅛	18	6.14	2.9	1.13	16	0.46	2.6
280	342	Dorchester Gas	152.4	29⅜– 5⅜	13¼	7.96	1.7	1.01	13	0.16	1.2
281	168	Springs Industries	151.7	45 –12¾	37⅛	44.94	0.8	3.60	10	1.52	4.1
282	248	City Investing	150.5	39⅝–13¼	34⅛	30.81	1.1	2.98	11	1.80	5.3
283	45	Tyson Foods	148.9	17¾– 3⅝	14	7.19	1.9	1.64	9	0.08	0.6
284	303	Bristol-Myers	148.3	47⅞–15⅜	44⅜	12.60	3.5	2.89	15	1.20	2.7
285	730	BanCal Tri-State	148.0	47½–14¾	45⅞	40.67	1.1	5.55	8	1.20	2.6
286	452	Jonathan Logan	147.9	26½– 4⅜	19⅜	18.21	1.1	2.42	8	0.54	2.8
287	333	Whirlpool	147.7	57 –14⅜	47⅜	24.02	2.0	4.64	10	2.00	4.2
288	104	Std Comml Tobacco	146.9	27¼– 9⅞	20	22.15	0.9	3.07	7	0.44	2.2
289	57	Cullum Companies	146.8	20⅛– 5⅜	15	10.47	1.4	1.66	9	0.56	3.7
290	117	Freeport-McMoran	146.7	40⅜– 7¾	19⅝	10.53	1.9	1.31	15	0.60	3.1
291	224	Amer Hospital Supply	145.7	49 –15¾	43	16.58	2.6	3.01	14	1.00	2.3
292	536	Amer Maize-Products	144.9	20⅞– 6½	17¼	21.52	0.8	0.68	25	0.52	3.0
293	738	Hoover	144.6	25⅞– 8⅝	25⅜	13.93	1.8	1.77	14	1.00	3.9
294	193	Pfizer	143.9	44¾–14½	40¼	12.82	3.1	2.59	16	1.16	2.9
295	214	Western Co No Amer	143.8	32⅛– 3⅞	9¾	8.70	1.1	–0.25	def	none	0.0
296	417	Allied Stores	143.7	56½–18¾	53	41.68	1.3	5.75	9	2.00	3.8
297	223	Knight-Ridder News	143.1	30½– 9⅝	27½	11.71	2.3	1.73	16	0.64	2.3
298	212	Raychem	142.8	93 –32½	79½	30.04	2.6	3.15	25	0.44	0.6
299	160	Northrop	142.6	98¼–27¾	86⅛	32.60	2.6	4.83	18	1.80	2.1
300	184	Levi Strauss	142.3	56 –17⅛	42¼	23.37	1.8	4.49	9	1.85	4.4
301	*	Fremont General	142.0	33⅞– 5½	15⅞	11.78	1.3	–0.07	def	0.48	3.0
302	480	Ethyl	141.9	29⅜– 9⅛	26	19.47	1.3	2.43	11	0.85	3.3
303	519	IU International	141.6‡	30⅜– 9⅝	26⅞	13.94	1.9	1.83	15	1.15	4.3
304	201	Federal-Mogul	141.5	34⅜–12½	32	19.51	1.6	2.77	12	1.40	4.4
305	407	Clorox	140.7	36½– 7⅞	25⅞	13.48	1.9	2.92	9	1.04	4.0
306	245	Jewel Cos	140.4	54⅜–19⅞	48⅜	40.08	1.2	6.56	7	2.60	5.4
307	376	Sun Chemical	140.0	32 –12⅛	29¼	22.09	1.3	2.08	14	0.48	1.6
308	380	Security Pacific	139.8	58½–18½	50⅜	44.24	1.1	7.21	7	2.24	4.4
309	383	McDonald's	139.6	74½–24⅛	73⅞	25.51	2.9	5.53	13	1.00	1.4
310	635	Robertshaw Controls	139.5	30 – 9¾	29⅜	20.26	1.4	2.38	12	0.93	3.2
311	348	Gulf & Western Inds	138.9	30⅛–10⅞	27	24.52	1.1	–2.86	def	0.90	3.3
312	189	Newmont Mining	138.4	79¼–21½	51⅞	47.81	1.1	2.32	22	1.00	2.0
313	291	Lear Siegler	137.5	47¼–17¼	42¾	27.70	1.5	4.02	11	1.60	3.7
314	225	Bank of New England	137.3	66¼–17½	47¾	49.90	1.0	7.97	6	2.60	5.4
315	272	Signal Cos	137.2	38¾–13⅛	31⅝	23.52	1.3	0.79	40	0.90	2.8

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. ‡Four-year price change. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
316	389	PACCAR	136.9%	55 –18⅞	54⅜	$32.22	1.7	$1.70	32	$1.20	2.2%
317	382	General Electric	135.5	57⅜–22	55½	22.88	2.5	4.33	13	2.00	3.6
318	704	Cummins Engine	135.3	78¾–25⅞	78¼	58.18	1.3	–2.62	def	2.00	2.6
319	235	George A Hormel	134.7	31½–12¼	28¾	25.56	1.1	2.54	11	1.00	3.5
320	163	Western Union	133.6	54½–15⅛	35⅝	34.88	1.0	3.17	11	1.40	3.9
321	230	Auto Data Processing	133.2	44½–14⅜	34¼	12.04	2.8	1.91	18	0.56	1.6
322	434	Combined Internatl	132.9	42½–16⅛	41⅝	21.12	2.0	3.45	12	2.00	4.8
323	413	Dennison Mfg	132.5	39 –15⅛	34⅞	19.76	1.8	2.61	13	1.60	4.6
324	305	Heck's	132.5	19⅜– 6½	15½	11.58	1.3	0.73	21	0.28	1.8
325	430	LTV	132.1†	26⅛– 6⅜	15⅜	22.03	0.7	–5.22	def	0.25	1.6
326	341	American Express	131.8	49⅝–12⅝	33¾	15.97	2.1	3.45	10	1.28	3.8
327	403	Gulf United	130.8	30¼–12⅞	30	22.96	1.3	3.23	9	NM	—
328	412	Hercules	130.5	43⅛–15⅛	37¾	24.18	1.6	2.75	14	1.44	3.8
329	416	Kimberly-Clark	130.3	99 –37¾	94⅛	62.97	1.5	7.54	12	4.20	4.5
330	922	Yellow Freight System	129.5	46⅛–10⅞	44¾	15.53	2.9	2.61	17	0.92	2.1
331	265	Nalco Chemical	129.0	37 –13⅛	30⅝	8.47	3.6	1.56	20	1.20	3.9
332	301	Mercantile Texas	128.0	36⅛–12⅜	28½	22.26	1.3	4.24	7	1.28	4.5
333	277	Texas Commerce Bshs	127.7	46⅛–17⅞	41⅛	27.30	1.5	5.49	7	1.42	3.5
334	518	Monsanto	127.7	116⅛–42¼	107	85.96	1.2	7.92	14	4.20	3.9
335	456	May Dept Stores	126.5	63 –18	53½	35.82	1.5	5.85	9	2.00	3.7
336	289	Ryan Homes	126.4	50 –12	36½	16.35	2.2	2.47	15	1.00	2.7
337	913	Kaiser Steel	126.0	50¾–13¾	41¼	35.20	1.2	–1.10	def	none	0.0
338	135	American Intl Group	125.8	77¾–25½	61⅛	31.38	1.9	5.97	10	0.44	0.7
339	379	Illinois Tool Works	125.4	55½–20¼	55½	24.52	2.3	3.85	14	1.16	2.1
340	650	Gerber Products	125.4	42¾–11⅞	40	21.12	1.9	3.33	12	1.48	3.7
341	79	Marsh Supermarkets	125.0	20⅛– 4⅛	13½	11.88	1.1	1.12	12	0.48	3.6
341	792	Pay'n Save	125.0	27⅜– 8¼	25⅞	14.32	1.8	1.90	14	0.56	2.2
341	419	Wheeling-Pitts Steel	125.0	40⅛–10⅜	23⅜	80.50	0.3	–23.53	def	none	0.0
344	641	Ralston Purina	124.2	27⅛– 9¼	25½	10.84	2.4	2.58	10	0.84	3.3
345	162	Handy & Harman	123.6	34½– 7⅛	17¾	9.12	1.9	0.62	29	0.60	3.4
346	*	Sun Banks	123.3	29½–10¼	28¾	20.01	1.4	2.92	10	1.20	4.2
347	234	Bank of Boston	123.0	47⅝–16½	40⅞	48.70	0.8	7.65	5	2.32	5.7
348	262	American Brands	122.8	58¼–23⅞	56⅛	34.70	1.6	6.75	8	3.60	6.4
349	308	Malone & Hyde	122.8	33 –10⅞	31¾	12.18	2.6	2.21	14	0.84	2.6
350	216	Vulcan Materials	122.7	70 –28	63¾	37.54	1.7	3.83	17	2.44	3.8
351	362	Alcan Aluminium	122.1	41⅝–15⅞	37⅝	29.48	1.3	0.20	NM	0.90	2.4
352	612	Eaton	121.2	52⅞–20¼	51¼	27.40	1.9	0.56	NM	0.80	1.6
353	*	Midlantic Banks	120.8	42½–15	39⅜	37.42	1.1	8.02	5	2.00	5.1
354	436	Trane	120.7	43¾–16¼	42¾	27.32	1.6	2.49	17	1.36	3.2
355	385	Gordon Jewelry	120.6	30 –11¼	28⅛	25.62	1.1	2.35	12	0.56	2.0
356	366	American Petrofina	119.8	71⅞–24	55½	52.01	1.1	4.31	13	3.20	5.8
357	597	A E Staley Mfg	119.4	42½–11⅛	24½	3.19	1.1	0.31	NM	0.80	3.3
358	632	Genesco	119.4	11⅛– 2¾	8½	4.09	2.1	–0.06	def	none	0.0
359	566	Avondale Mills	119.3	46 –13⅜	39⅝	41.13	1.0	5.02	8	1.40	3.5
360	280	NCR	119.0	135¼–38¾	132½	72.41	1.8	9.80	14	2.60	2.0
361	*	CBT	119.0	30½–12⅜	29½	31.34	0.9	4.76	6	1.64	5.6
362	390	Universal Leaf	118.8	42¼–15½	37¾	24.71	1.5	4.22	9	1.76	4.7
363	574	InterNorth	118.8	49¾–16⅞	37⅞	30.80	1.2	4.73	8	2.32	6.1
364	579	Burlington Inds	118.4	43 –14¾	37⅛	40.16	0.9	3.10	12	1.52	4.1
365	252	Crown Central Petroleum	118.4	43⅞– 8½	19¼	30.36	0.6	0.06	NM	0.80	4.2
366	318	Standard Oil Ohio	118.2	91½–20	46⅜	29.20	1.6	6.71	7	2.60	5.6
367	498	Borden	118.1	61 –19⅝	55⅝	46.97	1.2	6.23	9	2.44	4.4
368	206	McKesson	118.0	51 –17⅛	40⅞	29.38	1.4	3.76	11	2.40	5.9
369	290	Insilco	116.7	25½– 8⅛	18⅛	13.85	1.3	1.85	10	1.00	5.5
370	458	King Kullen Grocery	116.3	32 –11	26½	40.05	0.7	4.45	6	0.50	1.9
371	396	National Gypsum	116.1	35⅞–15¾	33½	29.66	1.1	2.31	15	1.56	4.7
372	259	Gannett	115.8	48 –17⅛	39⅛	11.65	3.4	2.33	17	1.28	3.3
373	143	Kroger	115.4	47¼–14	38⅜	29.72	1.3	3.51	11	2.00	5.2
374	281	CNA Financial	115.0	22⅞–10⅞	21½	20.83	1.0	3.07	7	none	0.0
375	371	Reading & Bates	115.0	39⅞– 5⅞	12½	15.24	0.8	1.11	11	0.40	3.2
376	367	Pueblo International	114.7	11¾– 2¼	9⅛	10.55	0.9	0.80	11	0.16	1.8
377	532	Scott Paper	114.6	30⅛–13⅝	29½	31.04	1.0	1.93	15	1.00	3.4
378	179	Figgie Intl Holdings	114.5	26⅛– 8⅛	22¼	27.59	0.8	3.61	6	0.68	3.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
379	537	Consolidated Edison	114.0%	25⅞ – 9⅞	24¾	$25.95	1.0	$ 3.97	6	$1.88	7.6%
380	439	Maryland National	113.8	32¾ – 12½	31	38.28	0.8	4.82	6	1.36	4.4
381	396	SONAT	113.4	39⅝ – 15⅞	33⅞	28.07	1.2	5.26	6	1.55	4.6
382	381	Corestates Financial	113.1	35¾ – 11¾	30½	33.44	0.9	5.51	6	1.86	6.1
383	411	Denny's	112.0	38⅛ – 7⅞	36¾	17.17	2.1	2.76	13	0.72	2.0
384	279	TRW	111.5	79 – 33⅛	76⅛	40.56	1.9	4.95	15	2.80	3.7
385	507	So New England Tel	111.3	40 – 13⅞	37½	27.07	1.4	3.90	10	2.52	6.7
386	343	Consolidated Foods	111.2	25⅜ – 9⅞	24⅞	16.20	1.5	2.93	8	1.30	5.2
387	619	Maytag	110.9	56¾ – 21½	48¼	14.30	3.4	3.93	12	2.95	6.1
388	270	Frederick & Herrud	110.5	9¾ – 4	8	8.91	0.9	1.74	5	none	0.0
389	762	Mohasco	110.3	25½ – 7	22⅞	28.99	0.8	0.88	26	0.32	1.4
390	260	Sundstrand	110.2	59½ – 21¾	46¼	26.72	1.7	2.49	19	1.80	3.9
391	296	Foster Wheeler	108.8	30½ – 6⅞	14¾	10.40	1.4	1.48	10	0.44	3.0
391	409	R J Reynolds Inds	108.8	63⅜ – 27	59⅛	42.33	1.4	6.81	9	3.20	5.4
393	535	U S Industries	107.9	18¾ – 6⅞	16⅜	17.34	0.9	1.35	12	0.76	4.6
394	608	American Cyanamid	107.9	59 – 20⅝	52¾	31.81	1.7	3.09	17	1.75	3.3
395	338	Union Pacific	107.8	96⅛ – 25¾	53½	34.66	1.5	3.27	16	1.80	3.4
396	832	Arvin Industries	107.6	30⅛ – 9¾	27½	22.60	1.2	1.77	16	1.12	4.1
397	271	Unocal	107.5	56½ – 13⅞	29½	27.33	1.1	3.88	8	1.00	3.4
398	418	Murphy Oil	107.0	64 – 13⅜	30⅜	24.60	1.2	4.00	8	1.00	3.3
399	414	Hammermill Paper	106.9	45¼ – 18	45¼	44.17	1.0	1.92	24	1.84	4.1
400	84	Mission Insurance	106.6	41 – 13½	28	19.94	1.4	2.47	11	1.00	3.6
401	542	Westvaco	106.4	36¼ – 16½	35¼	28.22	1.2	2.30	15	1.20	3.4
402	429	NCNB	106.3	29⅞ – 10	24¾	21.95	1.1	3.68	7	1.12	4.5
403	563	J C Penney	106.2	67⅞ – 19⅝	62⅜	43.95	1.4	5.54	11	2.16	3.4
404	723	Sears, Roebuck	105.7	45⅛ – 14⅜	40⅝	25.08	1.6	3.33	12	1.52	3.7
405	530	Greyhound	105.7	28 – 11	22⅜	22.22	1.0	2.28	10	1.20	5.3
406	868	Singer	105.7	32½ – 6¼	27¼	16.92	1.6	0.01	NM	0.10	0.4
407	613	Morse Shoe	105.7	39¾ – 10	31⅞	20.28	1.6	3.05	10	0.60	1.9
408	488	ENSERCH	105.4	40 – 11⅜	23⅜	17.95	1.3	1.72	14	1.60	6.8
409	368	Old Republic Intl	105.1	34⅛ – 10¼	31	25.50	1.2	4.48	7	0.90	2.9
410	446	Fischbach	104.7	55⅛ – 19¼	48⅝	45.17	1.1	7.66	6	2.65	5.4
411	684	Carson Pirie Scott	104.4	44¾ – 12¾	35	33.59	1.0	3.94	9	1.20	3.4
412	238	Amerada Hess	104.1	54⅛ – 12⅜	28	30.53	0.9	2.27	12	1.10	3.9
413	75	Brown-Forman Dist	103.7	45⅛ – 15½	34⅝	18.11	1.9	3.61	10	0.88	2.5
414	286	Safeco	103.2	60 – 27¾	56⅜	48.59	1.2	6.60	9	2.60	4.6
415	543	Sun Company	102.9	59⅜ – 20⅞	43⅛	42.90	1.0	4.57	9	2.30	5.3
416	522	Zale	101.6	34 – 15	32¼	35.58	0.9	1.78	18	1.26	3.9
417	359	Goodyear	101.6	36⅞ – 10⅛	32½	33.14	1.0	2.32	14	1.40	4.3
418	284	Worthington Inds	101.0	28⅞ – 9⅛	24⅜	7.65	3.2	1.25	20	0.52	2.1
419	525	Hyster	100.4	65½ – 28½	64⅝	51.56	1.3	0.03	NM	1.00	1.5
420	437	Zurn Industries	100.0	37⅜ – 14⅛	29	24.08	1.2	2.92	10	1.32	4.6
421	484	Ex-Cell-O	99.8	44½ – 16⅞	36⅝	29.06	1.3	3.37	11	1.60	4.4
422	879	Allied Corp	98.7	61¾ – 28½	56⅛	58.00	1.0	5.21	11	2.40	4.3
423	420	Wendy's International	98.5	20⅞ – 3¼	19⅝	6.50	3.0	1.27	15	0.32	1.6
424	401	Kidde	98.3	37 – 13¾	28⅝	34.24	0.8	3.65	8	1.10	3.8
425	358	ASARCO	98.2	58½ – 13⅜	27½	36.22	0.8	0.80	34	0.40	1.5
426	511	Chubb	98.1	68⅜ – 29¾	64⅜	58.90	1.1	7.67	8	3.12	4.8
427	651	Houston Natural Gas	97.7	63¼ – 21⅜	43¾	30.85	1.4	4.66	9	1.82	4.2
428	130	Charter	97.6	50 – 5	10⅛	24.90	0.4	0.83	12	1.00	9.9
429	451	Bemis	97.5	43½ – 19⅝	39½	47.44	0.8	2.83	14	1.60	4.1
429	570	North American Coal	97.5	49¼ – 19⅛	39½	27.67	1.4	6.40	6	0.90	2.3
431	352	Combustion Eng	96.9	54¾ – 16¼	32⅛	25.96	1.2	3.54	9	1.84	5.7
432	*	American District	96.9	32⅜ – 7¼	23⅝	15.70	1.5	2.15	11	0.92	3.9
433	528	Allegheny Intl	96.6	55⅜ – 14¼	28¼	36.17	0.8	–4.27	def	1.40	4.9
434	680	Allen Group	96.3	23¾ – 11¼	22⅛	13.98	1.6	–0.13	def	0.40	1.8
435	692	Pillsbury	96.3	37⅛ – 13⅜	36⅜	22.10	1.6	3.40	11	1.40	3.9
436	321	Philip Morris	95.7	71 – 29⅛	69	29.09	2.4	6.88	10	2.90	4.2
437	824	Great Atl & Pac Tea	95.7	14⅛ – 3½	11¼	8.81	1.3	0.70	16	none	0.0
438	196	Fairchild Industries	95.6	33⅞ – 10¼	21⅛	21.53	1.0	1.32	16	0.80	3.8
439	415	Travelers	95.6	34⅛ – 16½	33¼	35.37	0.9	3.97	8	1.80	5.4
440	297	Texas American Bshs	95.3	45¾ – 15⅞	35½	31.96	1.1	4.13	9	1.52	4.3
441	326	Central Steel & Wire	94.4	375 –180	350	412.38	0.8	42.58	8	20.00	5.7

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
442	430	SCM	94.1%	39½–16⅝	33	$52.69	0.6	$1.59	21	$2.00	6.1%
443	544	New England Electric	93.5	43⅜–17¼	41⅛	29.85	1.4	5.46	8	3.40	8.3
444	577	Union Carbide	93.4	73⅞–34	65¾	73.54	0.9	3.13	21	3.40	5.2
445	242	United States Gypsum	92.3	57⅞–25¾	50¼	41.59	1.2	4.02	13	2.60	5.2
446	313	McCormick	92.2	35⅞–13½	27⅞	15.09	1.8	2.43	11	0.88	3.2
447	567	First Natl State Bcp	92.1	41½–15⅞	38⅞	42.08	0.9	7.00	6	2.64	6.8
448	670	Getty Oil	92.1	108¼–35½	72½	64.46	1.1	5.36	14	2.60	3.6
448	610	Torchmark	92.1	43 –16⅜	42¼	34.37	1.2	4.68	9	1.60	3.8
450	699	Celanese	91.9	79¾–39⅛	77	66.83	1.2	2.04	38	4.00	5.2
451	540	F W Woolworth	91.6	39⅜–15⅞	37⅛	31.57	1.2	4.46	8	1.80	4.8
452	657	Household Intl	91.4	34 –13⅜	33½	25.89	1.3	3.50	10	1.70	5.1
453	209	Raytheon	91.4	57½–21⅜	44½	20.28	2.2	3.52	13	1.40	3.1
454	555	Carnation	91.4	52¾–21	50	30.23	1.7	5.32	9	2.20	4.4
455	549	Parker-Hannifin	91.3	31⅞–14⅞	31¼	17.83	1.8	1.41	22	1.04	3.3
456	138	Perkin-Elmer	90.9	37½–13⅛	26¼	11.93	2.2	1.10	24	0.50	1.9
457	582	Intl Minerals & Chem	90.8	66½–23½	45	38.12	1.2	3.17	14	2.60	5.8
458	364	Earle M Jorgensen	90.8	31¾–13⅞	28⅜	25.45	1.1	0.90	32	1.00	3.5
459	504	First Natl Supermkts	90.6	24 – 3¾	15¼	16.25	0.9	2.70	6	0.25	1.6
460	331	Southeast Banking	89.9	27⅞–12⅛	23½	24.50	1.0	3.1[illegible]	7	1.08	4.6
461	871	Kellwood	89.8	43¼– 8⅛	25⅝	25.84	1.0	3.8[illegible]	7	0.80	3.1
462	405	Interpublic Group	89.6	62 –25½	50¾	27.55	1.8	4.55	11	1.80	3.5
463	702	Owens-Illinois	89.5	37 –17⅜	33⅞	49.87	0.7	1.30	26	1.68	5.0
464	276	Stanley Works	89.3	27 –11¼	22	14.50	1.5	1.63	13	0.76	3.5
465	587	American Natl Ins	88.9	22⅛–10⅛	21¼	27.80	0.8	3.20	7	0.96	4.5
465	357	Gillette	88.9	51½–17⅝	48⅞	23.70	2.1	4.67	10	2.44	5.0
467	285	Tesoro Petroleum	88.5	32¼– 7¾	14⅜	23.67	0.6	3.05	5	0.40	2.8
467	560	USF&G	88.5	58⅞–30⅜	57½	48.57	1.2	5.70	10	3.84	6.7
469	428	Petrolane	88.3	26⅜– 7½	14⅛	9.83	1.4	–0.66	def	0.50	3.5
470	603	Interco	88.2	85 –35½	67¾	62.36	1.1	5.73	12	2.88	4.3
471	346	Delta Air Lines	88.0	51 –15⅝	39¼	22.56	1.7	–1.51	def	0.60	1.5
472	538	General Signal	87.9	54¼–25	50½	28.66	1.8	2.94	17	1.68	3.3
473	851	Mountain Fuel Supply	87.4	34¼–12⅜	28	17.49	1.6	3.32	8	1.44	5.1
474	410	General Mills	87.3	57¾–19	55½	25.68	2.2	5.21	11	2.04	3.7
475	421	Bank of New York	87.2	33⅛–13½	31	34.58	0.9	5.60	6	1.84	5.9
476	256	Honeywell	87.1	134 –59½	130	94.31	1.4	9.99	13	3.60	2.8
477	946	Raymond Intl	86.4	36 – 9⅜	27½	24.46	1.1	2.41	11	none	0.0
478	241	Kemper	86.4	51⅝–19⅞	37¾	48.81	0.8	4.64	8	1.80	4.8
479	802	Continental Group	86.1	52 –25⅛	50¼	51.38	1.0	4.88	10	2.60	5.2
480	595	Armstrong World Inds	86.1	33¾–12⅜	30	23.71	1.3	2.15	14	1.10	3.7
481	617	United Brands	84.8	27⅛– 6½	18¼	16.50	1.1	–9.50	def	none	0.0
482	250	Kaufman & Broad	84.7	25¼– 6½	16⅝	11.80	1.4	0.10	NM	0.40	2.4
483	803	Anchor Hocking	84.4	34½–13¾	31½	31.01	1.0	–0.46	def	1.36	4.3
484	718	Gulf Resources & Chem	84.3	37⅛– 8⅝	16⅛	9.39	1.7	1.11	15	none	0.0
485	578	Walter E Heller Intl	84.1	34 –13⅝	30⅜	28.33	1.1	–1.12	def	NM	—
486	478	American Home Products	84.0	54¼–21⅜	51¾	11.19	4.6	3.88	13	2.40	4.6
486	468	Sterling Drug	84.0	29⅝–15¾	28¾	14.16	2.0	2.18	13	1.12	3.9
488	170	Trans World	83.6	36⅞– 9⅝	32⅛	28.44	1.1	–1.42	def	none	0.0
489	688	Alcoa	83.3	47¾–21⅞	43¾	38.60	1.1	–0.04	def	1.20	2.7
490	383	Winn-Dixie Stores	83.0	37⅝–14¼	32¼	14.74	2.2	2.68	12	1.56	4.8
491	842	Easco	82.8	23½– 9⅛	20⅞	16.45	1.3	1.48	14	0.88	4.2
492	243	MCA	82.5	42⅛–18⅝	37⅞	21.44	1.8	3.36	11	0.88	2.3
493	619	Panhandle Eastern	82.5	52¼–20	36½	34.80	1.0	3.50	10	2.30	6.3
494	187	Seaway Food Town	82.5	14½– 6¼	13	16.54	0.8	1.58	8	0.68	5.2
495	407	W W Grainger	81.5	63¼–25	59	26.11	2.3	3.49	17	1.20	2.0
496	625	Square D	81.4	40 –17⅝	36½	17.32	2.1	2.16	17	1.84	5.0
497	306	Snap-On Tools	80.8	33 –16½	33	11.49	2.9	1.88	18	0.88	2.7
498	720	Gulf Oil	80.8	54½–23	42¼	57.27	0.7	5.33	8	3.00	7.1
499	541	Air Prods & Chems	80.4	54¼–23⅜	42⅝	30.97	1.4	3.55	12	1.00	2.3
500	550	FMC	80.4	47¼–21⅝	43¾	39.15	1.1	4.73	9	1.80	4.1
501	681	Harcourt Brace Jovan	80.3	29¼–12½	28⅝	18.24	1.6	2.78	10	1.00	3.5
502	611	Lincoln National	80.1	64⅜–32¾	64⅜	65.30	1.0	6.92	9	3.36	5.2
503	369	Johnson & Johnson	80.0	51½–21⅝	44¼	14.80	3.0	2.65	17	1.10	2.5
504	494	B F Goodrich	79.9	43⅞–16⅜	31¼	51.20	0.6	–0.82	def	1.56	5.0

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*NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
505	534	McDonnell Douglas	79.7%	62¾–20	59¾	$47.24	1.3	$6.38	9	$1.42	2.4%
506	638	Federated Dept Stores	79.7	69 –21¼	57½	43.44	1.3	6.34	9	2.20	3.8
507	800	Firestone	79.4	23 – 6⅛	21¾	25.10	0.9	1.82	12	0.60	2.8
508	637	First Wisconsin	79.4	24⅛– 9⅞	20⅝	29.37	0.7	3.77	5	1.10	5.3
509	656	Texas Eastern	79.0	89 –33⅛	60⅝	52.52	1.2	5.33	11	4.10	6.8
510	596	IC Industries	78.9	49 –17⅛	43⅜	63.21	0.7	2.89	15	2.36	5.4
511	476	Irving Bank	78.7	58 –28½	51⅜	78.14	0.7	9.60	5	3.52	6.9
512	294	Squibb	78.6	55⅝–24⅜	50	21.29	2.3	3.20	16	1.44	2.9
513	776	Williams Cos	78.3	49⅞–12⅜	26¾	34.58	0.8	0.83	32	1.20	4.5
514	354	Schlumberger	78.1	87⅛–27½	50	17.89	2.8	3.89	13	1.04	2.1
515	725	Interlake	77.7	45 –22⅜	40⅞	56.63	0.7	2.03	20	2.60	6.4
516	594	Blue Bell	77.7	40 –20⅛	36⅞	33.75	1.1	3.73	10	1.80	4.9
517	332	Ohio Casualty	77.6	56⅛–26⅜	47½	43.76	1.1	5.39	9	2.52	5.3
518	721	Allegheny Power	77.4	27¾–12⅛	27½	22.64	1.2	3.49	8	2.60	9.5
519	398	Emerson Electric	77.2	67½–29½	63⅛	22.73	2.8	4.42	14	2.30	3.6
520	575	Cyclops	77.0	39 –13⅜	31⅛	47.28	0.7	–3.47	def	1.10	3.5
521	438	Dexter	76.7	29⅛–11	22	11.00	2.0	1.79	12	0.72	3.3
522	462	Chemical New York	76.6	56¼–22⅛	44	61.08	0.7	8.49	5	3.24	7.4
523	784	Nash Finch	75.9	22 – 8	17	17.11	1.0	2.29	7	0.92	5.4
524	470	First Interstate Bancp	75.7	47 –23¼	42⅜	43.85	1.0	5.58	8	2.24	5.3
525	330	RepublicBank	75.5	38¼–17¼	34	31.23	1.1	5.24	6	1.64	4.8
526	474	Tyler	75.4	31½–10½	28½	16.91	1.7	1.64	17	0.65	2.3
527	516	Rollins	75.3	22½– 7⅞	16	8.57	1.9	0.16	NM	0.70	4.4
528	520	Gt Northern Nekoosa	75.3	36 –18½	35½	32.95	1.1	2.87	12	1.40	3.9
529	783	Consol Natural Gas	75.0	34⅛–18	33¼	28.75	1.2	4.38	8	2.00	6.0
530	514	W R Grace	74.9	63½–25⅝	45¼	45.43	1.0	3.21	14	2.80	6.2
531	378	Leaseway Transportation	74.7	47⅝–18¾	38⅞	22.66	1.7	2.77	14	1.50	3.9
532	347	Valero Energy	74.5‡	43⅞–10⅛	20½	16.93	1.2	2.32	9	0.44	2.1
533	481	Transamerica	74.4	31½–14⅜	29	26.71	1.1	3.35	9	1.56	5.4
534	646	Hoover Universal	73.7	26½–10½	25⅝	12.91	2.0	2.22	12	0.92	3.6
535	309	Consolidated Papers	73.6	48 –23¼	46	30.95	1.5	4.32	11	2.20	4.8
536	465	Standard Oil Indiana	73.5	99½–26¾	49⅛	39.11	1.3	6.24	8	2.80	5.7
537	181	Pacific Resources	72.9	15⅜– 6⅛	10¾	7.19	1.5	0.55	19	none	0.0
538	733	Libbey-Owens-Ford	72.8	43¾–19⅝	41¼	37.82	1.1	1.83	23	1.20	2.9
539	598	Transco Energy	72.3	64¼–19	35¾	32.09	1.1	4.62	8	1.92	5.4
540	355	Chesebrough-Pond's	72.2	47¼–19⅛	38¾	17.41	2.2	3.35	12	1.84	4.7
541	847	Southern Union	71.4	34⅛–13	22	21.33	1.0	2.25	10	1.64	7.5
542	423	Farmers Group	71.2	49⅛–21⅛	40⅞	24.08	1.7	3.95	10	1.36	3.3
543	473	United Technologies	71.1	76¼–31¼	66½	51.69	1.3	7.60	9	2.60	3.9
544	614	Campbell Soup	71.0	60¼–25¼	58⅛	35.64	1.6	5.24	11	2.30	4.0
545	553	Intl Multifoods	70.8	36⅝–13¼	30¾	26.70	1.2	4.06	8	1.76	5.7
546	816	K mart	70.6	39¼–15⅛	38⅜	20.89	1.8	3.17	12	1.08	2.8
547	586	Tektronix	70.5	86¾–34	80¾	34.72	2.3	2.65	30	1.00	1.2
548	*	NIKE	70.2‡‡	28 – 8⅝	17⅞	6.46	2.8	1.55	12	none	0.0
549	278	Rohr Industries	70.2	33⅛– 8	28½	19.76	1.4	3.68	8	none	0.0
550	547	Palm Beach	69.9	36⅜–13	28⅞	22.43	1.3	3.07	9	1.20	4.2
551	554	American Standard	69.8	43¾–17	35⅛	22.18	1.6	1.88	19	1.60	4.6
552	502	Parker Pen	69.6	26 –10⅞	19½	8.14	2.4	–0.27	def	0.52	2.7
553	351	United Merch & Mfrs	69.5	14⅞– 3½	12½	19.34	0.6	–0.70	def	none	0.0
554	863	Fruehauf	69.4	48⅛–15¼	44¼	38.85	1.1	–1.62	def	0.40	0.9
555	513	Amfac	69.1	35⅞–16⅝	28¾	31.77	0.9	–2.23	def	1.44	5.0
556	558	Harsco	69.0	25 –14	24½	20.36	1.2	1.44	17	1.20	4.9
557	695	Barnes Group	68.4	26⅛–11⅛	24	17.19	1.4	–1.49	def	0.60	2.5
558	527	Brooklyn Union Gas	67.8	33¼–18¾	31⅞	28.78	1.1	4.52	7	2.90	9.1
559	629	Wetterau	67.5	22¾– 9⅜	19½	13.58	1.4	1.98	10	0.80	4.1
560	399	Genuine Parts	67.4	48⅜–18¾	43⅜	16.10	2.7	2.83	15	1.38	3.2
561	711	Kellogg	67.4	31¼–15⅝	30¾	11.57	2.7	3.19	10	1.68	5.5
562	781	Diversified Energies	67.3	36½–17⅛	32	29.97	1.1	4.49	7	2.40	7.5
563	475	Mobil	67.2	44⅞–17	29	36.30	0.8	3.29	9	2.00	6.9
564	456	Skyline	67.1	30¾– 8½	17⅛	10.40	1.6	0.71	24	0.48	2.8
565	395	Texas Instruments	67.0	176 –70½	133⅜	57.53	2.3	–7.56	def	2.00	1.5
566	477	Southwest Bancshares	66.8	33⅜–13¾	27¼	24.99	1.1	2.91	9	1.44	5.3
567	649	IBM	66.8	134¼–48⅜	124½	33.13	3.8	8.48	15	3.80	3.1

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*Not ranked last year. ‡Three-year price change. ‡‡Four-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
568	726	Stanadyne	66.7%	46¼–19¼	37½	$30.74	1.2	$ 3.52	11	$1.80	4.8%
569	602	Scott & Fetzer	66.2	49⅞–17¼	43	29.40	1.5	4.53	9	1.80	4.2
570	811	ACF Industries	65.9	52⅜–27½	51	45.68	1.1	0.11	NM	1.40	2.7
571	672	Johnson Controls	65.8	47½–17½	41⅞	27.21	1.5	4.17	10	1.66	4.0
572	404	American Motors	65.8	11¼– 2⅜	7⅞	2.06	3.8	–2.35	def	none	0.0
573	788	Transway Intl	65.7	36¾–19¼	35	28.10	1.2	2.01	17	1.80	5.1
574	425	Carpenter Technology	65.4	53 –24¾	44½	33.30	1.3	2.21	20	2.10	4.7
575	928	A O Smith	65.4	23¾– 4⅞	20⅛	26.35	0.8	0.57	35	0.05	0.2
576	841	Foodarama Supermkts	64.6	10⅜– 3	9⅞	16.35	0.6	0.62	16	none	0.0
577	772	Royal Crown Cos	64.5	29 –10⅝	24⅞	14.17	1.8	2.00	12	1.04	4.2
578	388	Longs Drug Stores	64.4	50⅛–22¼	44⅜	18.77	2.4	3.28	14	1.12	2.5
579	593	GTE	64.3	48⅜–23	46⅝	31.57	1.5	4.92	9	3.00	6.4
580	501	H F Ahmanson	64.1	40½– 8	29¾	30.00	1.0	3.77	8	1.20	4.0
580	671	Laclede Gas	64.1	30 –14⅞	29¾	31.44	0.9	3.85	8	3.00	10.1
582	443	Northwest Airlines	64.0	55½–20⅜	46¾	37.85	1.2	1.59	29	0.80	1.7
583	*	PSA	63.7	42½–10⅛	22¾	36.49	0.6	–4.52	def	0.60	2.6
584	393	Valley National	63.6	30⅜–13⅛	24	24.37	1.0	2.90	8	1.16	4.8
585	293	Federal Paper Board	63.6	39¼–17¾	37⅝	25.12	1.5	1.09	35	1.20	3.2
586	557	Moore Corp	63.3	51½–25½	44½	25.19	1.8	3.41	13	2.00	4.5
587	323	St Paul Cos	63.2	70¾–31	54¼	61.83	0.9	7.60	7	2.80	5.2
588	463	Mellon National	63.1	56½–22	42	54.19	0.8	7.05	6	2.44	5.8
589	663	Wisconsin Public Svc	61.8	30½–13⅝	29⅛	23.72	1.2	3.93	7	2.32	8.0
590	526	Jack Eckerd	61.3	34⅞–12½	28⅝	15.17	1.9	1.91	15	0.96	3.4
591	345	Amer Broadcasting	61.1	69¾–25⅝	56⅜	37.87	1.5	5.18	11	1.60	2.8
592	298	NL Industries	61.0	48⅜–10	16½	18.63	0.9	–1.77	def	1.00	6.1
593	497	Olin	61.0	34 –12½	29⅜	34.06	0.9	2.36	12	1.32	4.5
594	654	Eastern Gas & Fuel	60.8	32½–14¼	24⅛	23.00	1.0	1.77	14	1.30	5.4
595	249	Louisiana-Pacific	60.8	36½–13½	26	21.98	1.2	0.60	43	0.80	3.1
596	771	No States Power	60.6	40⅜–18	37¾	31.23	1.2	5.47	7	2.96	7.8
597	580	Pacific Lighting	60.6	36 –17	34⅛	33.20	1.0	5.20	7	3.16	9.3
598	439	CPC International	60.4	44⅞–24⅛	39½	26.96	1.5	4.34	9	2.20	5.6
599	*	CSX	60.2‡‡	26 –12⅛	25½	26.70	1.0	1.09	23	1.04	4.1
600	569	Union Camp	60.0	81½–36¾	76⅜	46.79	1.6	5.01	15	3.00	3.9
601	496	Capital Holding	59.9	38¾–16	34⅜	30.56	1.1	4.29	8	1.40	4.1
602	590	Florida Power & Lt	59.3	41⅞–19⅞	41⅝	38.20	1.1	5.31	8	3.60	8.6
603	361	Marine Midland Banks	59.2	30¾–11¾	23⅞	46.01	0.5	4.92	5	1.40	5.9
604	392	Fluor	59.0	71 –10¾	17⅝	22.68	0.8	1.28	14	0.80	4.5
605	660	Joy Manufacturing	58.8	42⅞–17½	29⅜	26.74	1.1	0.15	NM	1.40	4.8
606	686	Potomac Elec Power	58.7	22 –10	21⅝	17.95	1.2	2.63	8	1.78	8.2
607	662	Kansas Power & Light	58.6	30½–14½	30⅛	25.10	1.2	4.13	7	2.56	8.5
607	716	Rainier Bancorp	58.6	38⅝–17⅜	38½	37.53	1.0	4.55	8	1.60	4.2
609	796	Intl Tel & Tel	58.3	47⅞–22⅜	42¼	41.16	1.0	4.17	10	2.76	6.5
610	643	Continental Telecom	58.3	25⅞–12⅝	22¾	16.68	1.4	2.38	10	1.64	7.2
611	628	Southern Calif Edison	58.3	42¼–20	40¾	34.78	1.2	5.09	7	3.80	9.3
612	786	Adolph Coors	58.0	29⅛– 9½	19¾	22.37	0.9	2.42	8	0.40	2.0
613	840	Mead	57.8	37⅜–13½	36⅞	27.42	1.3	–0.70	def	1.00	2.7
614	591	Genl Tire & Rubber	57.6	38 –11⅜	35½	42.18	0.8	2.52	14	1.50	4.2
615	72	Gates Learjet	57.4	27¾– 6¼	12⅝	10.43	1.2	0.01	NM	0.15	1.2
616	433	Pennzoil	57.3	62½–20	32¼	22.98	1.4	2.97	11	2.20	6.8
617	*	H J Wilson	57.2	29½– 7⅜	17⅛	14.54	1.2	0.77	22	0.20	1.2
618	874	Occidental Petroleum	57.1	39⅛–17	24¾	25.04	1.0	–1.40	def	2.50	10.1
619	95	Resorts Intl	57.1	54⅞–12½	40¼	25.76	1.6	2.59	16	none	0.0
620	340	Entex	57.0	24¼–10⅛	20¼	13.48	1.5	2.50	8	1.20	5.9
621	391	Chase Manhattan	56.6	62¼–28⅝	46	81.42	0.6	10.73	4	3.50	7.6
622	584	Marsh & McLennan Cos	56.4	48⅜–26⅜	48	13.07	3.7	3.43	14	2.20	4.6
623	190	Idle Wild Foods	56.3	29½–10	25	32.19	0.8	2.42	10	0.80	3.2
623	*	MGM Grand Hotels	56.3‡‡	17⅜– 5½	12½	–0.46	NE	0.54	23	0.44	3.5
625	452	Ogden	55.8	39⅞–17½	30	27.74	1.1	2.82	11	1.80	6.0
626	775	Wisconsin Elec Power	55.8	28½–12¾	27	24.40	1.1	3.80	7	2.10	7.8
627	634	Tecumseh Products	55.8	105 –52	88	66.49	1.3	9.08	10	3.40	3.9
628	33	Warner Communications	55.7	63¼–12⅛	21⅛	21.85	1.0	–5.87	def	1.00	4.7
629	571	General Foods	55.6	53½–23½	50	36.06	1.4	5.71	9	2.40	4.8
630	573	Centel	55.5	40⅜–21¼	37⅛	24.23	1.5	4.08	9	2.26	6.1

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. ‡‡Three-year price change. NE: negative equity. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
631	292	Datapoint	55.4%	67½–10⅞	27	$16.41	1.6	$0.65	42	none	0.0%
632	927	Graniteville	55.2	17¼– 8½	16⅞	20.07	0.8	–2.14	def	none	0.0
633	732	El Paso	54.1	30½–13⅜	23½	10.83	2.2	1.56	15	NM	–
634	503	Boise Cascade	53.7	48¼–19¾	41⅛	46.54	0.9	1.75	24	$1.90	4.6
635	626	Stewart-Warner	53.6	33 –13⅞	28¼	26.94	1.1	0.59	49	1.68	5.8
636	766	Penn Traffic	53.5	26½–11⅜	24⅜	23.63	1.0	3.07	8	1.20	4.9
637	492	Tidewater	53.5	54⅜–13⅜	22	19.88	1.1	1.88	12	0.90	4.1
638	483	J P Morgan	53.4	86¼–39¾	69⅜	68.44	1.0	10.41	7	3.70	5.3
639	565	Northwest Industries	53.2	80½–24¾	41⅜	37.51	1.1	0.62	67	2.68	6.5
640	658	Exxon	53.2	44½–27⅛	37⅜	32.84	1.1	5.59	7	3.20	8.5
641	449	Business Men's Assur	53.1	40 –20½	37½	42.10	0.9	5.83	6	1.80	4.8
642	486	Atlantic Richfield	53.0	74⅜–28	43½	38.52	1.1	6.11	7	2.40	5.5
643	668	Wm Wrigley Jr	52.8	56¼–29	51⅜	31.65	1.6	5.06	10	2.49	4.8
644	627	Riegel Textile	52.7	29 –15¼	25	39.32	0.6	2.13	12	1.80	7.2
645	400	United Energy Resources	52.6	56 –16¼	25⅜	33.73	0.8	1.92	13	2.48	9.8
646	515	Northern Trust	52.2	64¼–27¾	59¾	69.68	0.9	4.44	13	2.72	4.6
647	*	Dart & Kraft	51.7‡‡	77¼–39⅜	66	50.66	1.3	7.90	8	3.84	5.8
648	929	Ford Motor	51.6	46⅜–10½	42⅜	33.61	1.3	4.69	9	1.20	2.8
649	689	Mercantile Bancorp	51.5	42¼–20½	38⅜	50.19	0.8	6.56	6	2.68	6.9
650	327	Computer Sciences	51.1	29¾–10½	17	10.24	1.7	1.13	15	none	0.0
651	430	Citicorp	51.1	46⅛–17	35½	37.85	0.9	6.48	5	1.88	5.3
652	561	McGraw-Edison	51.0	51 –20¾	37⅜	35.32	1.1	2.40	16	2.00	5.4
653	831	Scovill	50.7	32⅞–13⅞	26¾	16.95	1.6	2.19	12	1.52	5.7
654	495	Foxboro	50.6	47½–19½	32⅞	26.10	1.3	0.82	40	1.04	3.2
655	906	Amerace	50.0	32¼–14⅛	25⅞	33.13	0.8	–1.24	def	0.40	1.5
655	448	Fedl Natl Mortgage	50.0	30⅛– 6⅜	24⅜	17.61	1.4	0.90	27	0.16	0.7
655	856	Fieldcrest Mills	50.0	37¾–17⅛	37½	43.86	0.9	4.06	9	2.00	5.3
658	717	Texaco	49.7	54⅜–23⅜	35¼	55.11	0.6	4.98	7	3.00	8.4
659	460	J P Stevens	49.6	26 –11⅞	18⅞	33.68	0.6	0.97	19	1.20	6.4
660	700	Black & Decker	49.6	26⅜–12	24⅞	10.70	2.3	1.02	24	0.52	2.1
661	615	Emhart	49.5	29⅛–11⅜	27⅜	19.26	1.4	3.20	9	1.40	5.1
662	734	Kerr Glass Mfg	49.5	21¼– 8½	17¾	23.05	0.8	–5.43	def	0.44	2.5
663	696	Wisconsin Pwr & Lt	49.3	29½–14⅛	28⅛	22.77	1.2	3.76	8	2.40	8.5
664	714	Northeast Utilities	48.6	13⅞– 7⅜	13⅜	12.90	1.0	2.23	6	1.38	10.3
665	372	Cameron Iron Works	48.1	67 –13⅛	19½	18.02	1.1	–0.90	def	0.40	2.1
666	641	Ferro	47.8	39⅞–17	34	27.45	1.2	2.32	15	1.20	3.5
667	479	Standard Oil Calif	47.7	58¾–22¼	34⅝	38.74	0.9	4.72	7	2.40	6.9
668	558	Quaker State Oil	47.6	23½– 9⅞	15½	12.01	1.3	1.58	10	0.80	5.2
669	508	Avco	47.5	36⅜–13⅞	33¾	41.21	0.8	2.93	12	1.20	3.6
670	605	Dana	47.5	32 –11⅞	29	18.67	1.6	1.24	23	1.12	3.9
671	619	USLIFE	47.4	34 –14½	28	34.00	0.8	3.66	8	0.96	3.4
672	909	Del E Webb	47.0	25¼– 4⅞	18⅜	13.70	1.3	0.10	NM	none	0.0
673	616	Oneok	46.8	44⅞–17½	29	28.53	1.0	2.51	12	2.40	8.3
674	521	PepsiCo	46.8	50 –20	37⅜	17.68	2.1	2.60	14	1.62	4.3
675	622	Washington National	46.8	39⅜–12	22¾	28.69	0.8	2.10	11	1.08	4.7
676	753	First Bank System	46.6	61½–27½	54¼	61.51	0.9	8.57	6	2.80	5.2
677	740	San Diego Gas & Elec	46.6	22 – 9	21⅜	16.94	1.3	2.82	8	1.96	9.1
678	493	Merck	46.0	104⅝–58¾	98¾	29.81	3.3	6.02	16	3.00	3.0
679	581	Echlin	45.7	24⅞–10	23⅛	10.36	2.2	1.50	15	0.64	2.8
680	683	Manufacturers National	45.5	40¾–11¾	36¾	52.73	0.7	6.61	6	1.60	4.4
681	664	U S Bancorp	45.2	27¼–13½	24¾	25.04	1.0	2.73	9	1.00	4.0
682	736	Beneficial Corp	44.8	35⅜–14⅝	33⅛	28.55	1.2	2.59	13	2.00	6.0
682	727	Cooper Industries	44.8	62 –19¼	35¼	26.31	1.4	0.98	36	1.52	4.3
684	753	Central Illinois Lt	44.4	22⅞–11¼	22⅜	20.08	1.1	2.96	8	2.06	9.2
685	857	Carter Hawley Hale	44.0	24¾–10½	22½	20.83	1.1	1.66	14	1.22	5.4
686	744	GAF	44.0	19¾– 7¾	16⅜	10.45	1.6	–0.16	def	none	0.0
687	450	Best Products	43.1	26½– 9¼	23¼	13.51	1.7	1.72	14	0.24	1.0
688	797	Centerre Bancorp	42.8	29 –15⅞	24¾	37.80	0.7	2.75	9	1.80	7.3
689	387	Aetna Life & Casualty	42.7	48¼–25⅛	36⅞	41.98	0.9	3.99	9	2.64	7.2
690	703	Pacific Gas & Elec	42.7	16½– 9⅝	15⅞	15.83	1.0	2.22	7	1.60	10.1
691	*	MGM/UA Entertainment	42.7‡‡	22¼– 5	13⅜	5.96	2.2	0.78	17	0.20	1.5
692	690	Florida Progress	42.5	22¼–10⅞	22	18.69	1.2	2.63	8	2.04	9.3
693	777	International Paper	42.5	59⅜–30½	52	64.93	0.8	3.78	14	2.40	4.6

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Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
694	697	NBD Bancorp	42.3%	45 –19¼	40⅜	$61.93	0.7	$6.62	6	$2.20	5.4%
695	755	Texas Utilities	41.7	27⅜–14⅞	26¼	24.59	1.1	3.77	7	2.20	8.2
696	752	TECO Energy	41.4	25¼–13¼	24¼	21.12	1.2	3.17	8	2.04	8.2
697	853	General Motors	41.4	80 –33⅞	76	57.63	1.3	8.18	9	2.80	3.7
698	806	Colgate-Palmolive	41.4	25⅛–11	23½	15.97	1.5	2.42	10	1.28	5.4
699	155	Kay	41.2	28¼– 7⅛	13¼	8.58	1.5	0.26	51	0.20	1.5
700	652	Provident Life & Acc	41.1	66 –32½	63½	65.77	1.0	8.12	8	2.60	4.1
701	*	Orange & Rockland	41.0	21½–10⅜	20⅜	18.73	1.1	2.64	8	1.92	9.3
702	471	Eli Lilly	40.7	68¼–45⅛	67⅛	27.10	2.5	5.87	11	2.90	4.3
703	576	Weyerhaeuser	40.6	41¾–22½	34⅝	22.62	1.5	0.76	46	1.30	3.8
704	813	ARA Services	40.3	55 –23½	50½	44.25	1.1	4.51	11	2.05	4.1
705	728	Edison Bros Stores	39.7	46¾–20¼	40½	23.96	1.7	3.59	11	1.60	4.0
706	767	Delmarva Power & Lt	39.6	19⅝–10¼	18½	15.94	1.2	2.42	8	1.64	8.9
707	445	Norton	39.3	62 –22	35⅞	31.31	1.1	1.52	24	2.00	5.6
708	846	Coastal Corp	39.1‡	59½–14⅛	33⅜	23.48	1.4	3.90	9	0.40	1.2
708	769	Commonwealth Energy	39.1	23¾–11¾	22¼	21.05	1.1	4.03	6	2.12	9.5
710	763	Montana Power	38.9	36⅛–18	28⅛	27.50	1.0	4.00	7	2.68	9.5
711	742	Owens-Corning Fbrgls	38.7	46⅛–15⅜	36¾	23.67	1.6	2.31	16	1.20	3.3
712	678	Interstate Bakeries	38.5	15⅛– 4½	13½	8.87	1.5	–2.62	def	none	0.0
713	674	National Distillers	38.1	33⅛–18¼	25⅜	31.02	0.8	1.37	19	2.20	8.7
714	645	Schering-Plough	38.0	48⅛–24⅞	40⅞	24.92	1.6	3.59	11	1.68	4.1
715	490	Copperweld	37.7	31¾–10½	16¼	19.89	0.8	–3.39	def	0.58	3.5
716	648	National Fuel Gas	37.3	37½–21¼	35⅞	48.77	0.7	4.99	7	3.44	9.6
717	774	First Security	37.2	27⅜–14⅛	25⅜	27.22	0.9	4.19	6	1.10	4.3
717	178	SmithKline Beckman	37.2	88⅜–38½	62¾	22.21	2.8	5.87	11	2.80	4.5
719	698	CBS	37.0	81¾–33⅜	69½	44.93	1.5	4.97	14	2.80	4.0
720	822	Beatrice Foods	36.8	32⅛–16¼	31⅛	20.45	1.5	3.12	10	1.60	5.1
721	770	Southwestern Pub Svc	36.7	19¾– 9½	18⅜	11.09	1.7	2.36	8	1.74	9.3
722	677	Wells Fargo	35.9	39¼–18¼	36⅞	46.61	0.8	5.83	6	2.16	5.9
723	512	Stewart & Stevenson	35.9	23⅜–10⅜	14½	19.19	0.8	1.33	11	0.20	1.4
724	455	Gt Western Financial	35.9	31½– 9½	24⅛	23.14	1.0	1.29	19	0.88	3.6
725	748	Anderson, Clayton	35.8	33⅜–18⅛	28	45.28	0.6	2.15	13	1.32	4.7
725	585	National Can	35.8	28¼–15⅜	25⅜	34.44	0.7	1.90	13	1.00	3.9
727	491	Stauffer Chemical	35.7	31¾–14½	26⅜	24.61	1.1	–0.28	def	1.44	5.5
728	746	Washington Gas Light	35.5	43⅜–18⅛	31	31.79	1.0	4.20	7	2.88	9.3
729	746	Economics Laboratory	35.4	33¼–15⅞	29⅝	13.91	2.1	–1.08	def	1.04	3.5
730	374	Gifford-Hill	35.4	26⅞–10	18½	23.46	0.8	0.27	69	0.52	2.8
731	675	Norwest	35.3	39½–17	34	33.85	1.0	3.52	10	1.80	5.3
732	741	Baltimore Gas & Elec	34.9	34⅛–18⅜	32⅞	32.24	1.0	4.63	7	3.00	9.1
733	499	Minn Mining & Mfg	34.9	90½–45⅞	85⅛	30.10	2.8	5.56	15	3.30	3.9
734	26	Caesars World	34.7	36⅛– 6⅜	11	5.33	2.1	–0.33	def	none	0.0
735	758	AmeriTrust	34.7	49½–23	42¾	64.97	0.7	6.22	7	2.88	6.7
736	912	Pennwalt	34.5	45¼–21½	43⅞	35.38	1.2	2.20	20	2.20	5.0
737	676	Safeway Stores	34.2	30 –12⅛	27	21.76	1.2	3.16	9	1.50	5.6
738	849	Atlantic City Elec	34.0	25⅞–14⅞	24⅛	22.29	1.1	3.31	7	2.36	9.8
739	759	Bangor Punta	33.9	29⅛–10½	18¾	29.00	0.6	–9.11	def	0.80	4.3
740	778	Indianapolis Pwr & Lt	33.7	30½–17	29¼	25.42	1.2	4.16	7	2.76	9.3
741	809	Dow Chemical	33.7	39¼–19⅝	33¼	25.96	1.3	1.26	26	1.80	5.4
742	737	Jim Walter	33.6	47⅞–16	35¾	39.63	0.9	4.05	9	1.20	3.4
743	320	Federal Co	33.3	30¼–13	27½	24.04	1.1	2.97	9	1.44	5.2
744	891	American Can	33.1	48⅞–25¾	47¾	43.23	1.1	2.90	16	2.90	6.1
745	739	Utah Power & Light	32.9	25 –13	24¾	18.66	1.3	2.53	10	2.32	9.4
746	221	Boeing	32.4	48¼–15	42	29.12	1.4	3.60	12	1.40	3.3
747	469	CBI Industries	32.3	70⅞–22¾	31½	25.57	1.2	3.18	10	1.55	4.9
748	808	Textron	32.2	38½–17¼	33⅞	33.29	1.0	2.23	15	1.80	5.3
749	828	Kansas City Pwr & Lt	32.1	22½–12⅛	21⅛	21.96	1.0	3.85	6	2.24	10.5
750	862	Kentucky Utilities	31.9	24 –14⅜	23¾	21.58	1.1	2.83	8	2.28	9.6
751	907	Emery Air Freight	31.8	25¼– 7	24⅜	4.77	5.1	1.15	21	0.50	2.1
752	*	Society	31.7	29½–14¼	27	38.52	0.7	4.76	6	1.60	5.9
753	805	Central Ill Pub Svc	31.7	17⅛– 9⅞	16⅝	14.31	1.2	2.21	8	1.52	9.1
754	797	Duke Power	31.6	26⅛–13¼	25½	24.85	1.0	3.62	7	2.36	9.3
755	899	Dayco	31.5	17⅜– 6¼	15⅜	22.25	0.7	0.39	39	0.16	1.0
756	482	Harris Corp	31.3	60¼–20⅜	37¾	20.12	1.9	1.76	21	0.88	2.3

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Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
757	810	RCA	31.1%	35⅛–15¾	34¼	$21.91	1.6	$ 1.83	19	$0.90	2.6%
758	485	Godfrey	30.9	17 – 8	11	16.82	0.7	1.02	11	0.72	6.5
759	785	Atlanta Gas Light	30.6	20½–12⅜	19⅜	30.10	0.7	3.11	6	2.00	10.1
760	640	Corning Glass Works	30.5	90¼–39¼	69½	47.95	1.4	4.64	15	2.32	3.3
761	915	CertainTeed	30.5	25¾–10	20⅞	18.06	1.2	1.48	14	none	0.0
762	322	NVF	30.5	7 – 1¼	2	1.70	1.2	–0.98	def	none	0.0
763	761	Jefferson-Pilot	29.8	39⅜–22⅛	39¼	42.90	0.9	4.24	9	1.76	4.5
763	735	Tenneco	29.8	58⅛–22⅞	39¼	39.45	1.0	5.16	8	2.80	7.1
765	545	Ramada Inns	29.7	14½– 4⅛	10⅜	5.12	2.0	–0.20	def	none	0.0
766	464	Cessna Aircraft	29.7	36½–11¾	23	18.37	1.3	–0.98	def	0.40	1.7
767	500	Willamette Inds	29.5	47⅛–16¼	35¼	26.27	1.3	1.45	24	1.50	4.3
768	939	United States Steel	29.4	35¼–16	27½	53.50	0.5	–5.99	def	1.00	3.6
769	764	Central & South West	29.3	20¾–11¼	19⅞	19.01	1.0	2.98	7	1.78	9.0
770	782	GATX	29.2	46 –20½	31	39.76	0.8	1.72	18	1.20	3.9
771	*	Iowa-Illinois G & E	29.0	26½–14⅜	25	23.99	1.0	4.40	6	2.48	9.9
772	255	Digital Equipment	28.9	132⅛–48⅜	69⅛	62.84	1.1	4.26	16	none	0.0
773	604	Procter & Gamble	28.8	63¼–31½	57¼	27.75	2.1	5.31	11	2.40	4.2
774	797	Niagara Mohawk Power	28.6	18½–10	18	17.67	1.0	2.75	7	1.92	10.7
775	745	Columbia Gas System	28.4	47 –25⅛	32¾	40.73	0.8	4.41	7	3.02	9.2
776	665	United Telecom	27.3	25 –14	23⅞	17.92	1.3	2.63	9	1.84	7.7
777	644	Coca-Cola	26.8	57⅜–28⅞	55⅝	20.47	2.7	4.08	14	2.68	4.8
778	709	Crown Cork & Seal	26.7	38¾–22¾	38	40.03	0.9	3.18	12	none	0.0
779	795	Pub Svc Elec & Gas	26.5	26½–15½	25⅜	26.39	1.0	3.44	7	2.64	10.3
780	454	Hughes Tool	26.3	48⅝–13⅞	19⅝	22.56	0.9	–0.22	def	0.84	4.3
781	172	Borman's	25.9	13¼– 2	8½	14.45	0.6	0.11	NM	none	0.0
782	861	Equitable of Iowa	25.3	28¼–13½	24¼	33.45	0.7	2.96	8	1.28	5.2
783	864	Southern Company	25.2	17⅞–10¼	16¾	16.77	1.0	2.36	7	1.80	10.7
784	653	Kerr-McGee	25.1	46½–22½	29⅞	31.69	0.9	3.30	9	1.10	3.7
785	817	E I du Pont	25.0	56 –30	52½	44.87	1.2	4.12	13	2.80	5.3
785	712	Hawaiian Electric	25.0	33⅞–18¼	32½	36.93	0.9	3.05	11	3.12	9.6
787	459	Walt Disney	24.6	84⅓–33	50	37.59	1.3	2.70	19	1.20	2.4
788	830	Gulf States Utils	24.5	16¼– 9	14⅜	15.05	1.0	2.40	6	1.64	11.2
789	694	Intl Flavors & Frag	24.3	35⅓–16⅛	29⅛	9.19	3.2	1.81	16	1.04	3.5
790	551	Big Three Industries	23.9	38 –15⅛	19⅜	14.37	1.4	1.20	16	0.72	3.7
790	768	Sybron	23.9	29¼–12	22	22.30	1.0	–3.40	def	1.08	4.9
792	713	Holly Corp	23.7	19⅜– 4⅞	9⅛	8.50	1.1	0.80	11	0.24	2.6
793	633	Briggs & Stratton	23.7	37¼–20¾	31⅜	18.05	1.7	1.57	20	1.58	5.0
794	375	Eastman Kodak	23.5	98⅛–42⅞	72⅜	45.52	1.6	5.32	14	3.55	4.9
795	827	Oklahoma Gas & Elec	23.1	21⅝–11½	20⅛	17.08	1.2	2.63	8	1.84	8.9
796	659	First Chicago	23.0	28 –10¾	23⅜	33.55	0.7	3.88	6	1.32	5.6
797	639	Lucky Stores	22.9	25¼–12¼	18⅛	10.50	1.7	2.22	8	1.16	6.4
798	524	Becton, Dickinson	22.8	54½–22	38⅜	27.72	1.4	1.71	22	1.15	3.0
799	794	Pacific Pwr & Lt	22.8	25⅜–16	24¼	22.23	1.1	3.41	7	2.16	8.9
800	710	Central Soya	22.6	21⅜– 8⅝	15⅝	20.34	0.8	1.68	9	0.84	5.4
801	529	Lone Star Industries	22.5	38⅜–18⅛	25⅞	36.67	0.7	–2.52	def	1.90	7.3
802	715	Crane	22.3	44⅞–17⅜	28⅜	37.07	0.8	–2.35	def	1.60	5.6
803	904	American Bakeries	22.1	20⅝– 8	13⅞	12.68	1.1	–2.66	def	none	0.0
804	587	Universal Foods	21.9	31 – 9⅞	24⅜	14.88	1.6	2.91	8	1.04	4.3
805	866	Bethlehem Steel	21.7	32 –14½	23⅞	28.31	0.8	–13.41	def	0.60	2.5
806	655	Potlatch	21.5	49¼–19	36	34.22	1.1	1.78	20	1.48	4.1
807	506	Acme-Cleveland	21.3	35⅝–15⅜	22¾	27.56	0.8	–7.39	def	0.40	1.8
808	624	California First Bnk	21.2	17¾–11½	16⅝	23.10	0.7	1.87	9	1.08	6.5
809	729	Warner-Lambert	21.1	35 –17	28¾	14.37	2.0	2.43	12	1.48	5.1
810	724	Kaneb Services	21.0	40⅛–11¾	15⅞	13.39	1.2	2.17	7	1.04	6.6
811	760	N Y State Elec & Gas	20.7	22⅞–13⅛	20⅜	21.82	0.9	3.11	7	2.32	11.4
812	889	St Regis	19.9	42½–17⅛	33⅞	41.09	0.8	–0.36	def	1.12	3.3
813	903	Data General	19.8	43⅞–10⅛	36⅜	19.56	1.9	0.96	38	none	0.0
814	599	Upjohn	19.7	69 –38	58½	32.19	1.8	4.99	12	2.28	3.9
815	630	Crocker National	19.5	42 –20¾	29⅛	59.16	0.5	3.11	9	2.40	8.2
816	631	Manufacturers Hanover	19.4	51 –26	38½	59.34	0.6	8.29	5	3.04	7.9
817	801	Moore McCormack Res	19.4	39⅞–11⅝	23⅜	40.07	0.6	0.69	34	1.04	4.4
818	673	Keystone Consolidated	19.2	20¼– 7¼	11⅝	36.09	0.3	–12.13	def	none	0.0
819	807	Houston Industries	19.2	24¼–16½	21¾	22.89	1.0	3.59	6	2.32	10.7

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
820	944	Pan Am World Airways	18.9%	8⅞– 2⅜	7⅞	$4.11	1.9	$–3.40	def	none	0.0%
821	821	Boston Edison	18.9	28¾–18⅜	28⅜	31.39	0.9	3.82	7	$2.88	10.1
822	791	Pac Gamble Robinson	18.4	24¼–15¼	22¼	28.82	0.8	1.80	12	1.60	7.2
823	793	So Carolina E & G	18.4	21¼–12	20⅛	18.09	1.1	2.38	8	2.00	9.9
824	509	Di Giorgio	18.2	15⅞– 7	13	17.51	0.7	0.95	14	0.64	4.9
824	926	Diamond Shamrock	18.2	39⅝–16½	22¾	22.14	1.0	1.64	14	1.76	7.7
824	844	Penn Power & Light	18.2	24½–14½	22¾	24.73	0.9	3.11	7	2.40	10.5
827	316	Baker International	18.1	53½–15½	18¾	16.98	1.1	–0.91	def	0.92	4.9
828	790	Timken	17.8	78 –40⅜	58⅜	69.86	0.8	–2.51	def	1.80	3.1
829	878	Louisville Gas & Elec	17.1	24⅛–14½	24	22.14	1.1	2.77	9	2.36	9.8
830	896	Eagle-Picher Inds	16.7	25⅝– 9⅛	24½	22.60	1.1	1.24	20	0.96	3.9
831	531	Cook United	16.4	9¾– 2⅜	3⅜	10.16	0.4	–1.12	def	none	0.0
832	780	Continental Corp	16.3	38 –20⅜	28½	38.43	0.7	0.74	39	2.60	9.1
833	837	Halliburton	16.3	86⅜–21	38⅜	29.49	1.3	2.80	14	1.80	4.7
834	722	Comerica	16.2	30¾–17⅞	28½	40.01	0.7	4.31	7	2.00	7.0
835	704	Phelps Dodge	16.1	48½–18¼	24⅜	45.00	0.5	–1.91	def	none	0.0
836	647	Gould	15.8	43¾–19¼	30¼	20.31	1.5	1.67	18	1.72	5.7
837	887	Detroit Edison	15.7	16 –10	15⅜	16.49	0.9	2.14	7	1.68	10.8
838	682	Petrie Stores	15.5	40 –15½	31	12.37	2.5	2.05	15	1.40	4.5
839	921	Republic Steel	15.4	32⅛–13¾	26⅛	86.70	0.3	–15.49	def	0.50	1.9
840	708	Champion Intl	15.3	28⅞–11¾	24½	28.43	0.9	0.98	25	0.40	1.6
841	892	Reynolds Metals	14.9	41⅜–18¾	37½	63.67	0.6	–6.88	def	1.00	2.7
842	568	Gibraltar Financial	14.6	16⅝– 2¾	11¾	8.33	1.4	1.75	7	none	0.0
843	937	McDermott Intl	14.6	46⅛–14¾	24½	33.13	0.7	2.44	10	1.80	7.3
844	858	Carolina Pwr & Lt	14.5	24¾–14⅞	24⅛	24.74	1.0	3.20	8	2.52	10.2
845	819	Midland-Ross	14.3	30½–11¾	19	21.76	0.9	–1.07	def	1.00	5.3
846	895	Crown Zellerbach	13.8	62¾–15¼	35⅛	35.36	1.0	0.98	36	1.00	2.8
847	585	UAL	13.3	41⅜–13½	33	37.57	0.9	0.75	44	none	0.0
848	815	Dominion Resources	13.1	23⅞–13¾	23¾	27.33	0.9	3.04	8	2.56	10.8
849	*	Dr Pepper	12.9	19¼– 9½	16⅛	6.61	2.5	0.39	42	0.84	5.1
850	814	BancOhio	12.9	23 –11¾	21½	40.76	0.5	1.95	11	1.00	4.7
851	885	Cross & Trecker	12.6‡	41¾– 9½	24⅞	17.40	1.4	0.30	NM	0.80	3.2
852	869	Cleveland Elec Illum	12.6	23 –13½	19	19.86	1.0	3.15	6	2.40	12.6
853	949	UMC Industries	12.3	18½– 7⅜	16	16.98	0.9	0.36	44	0.60	3.8
854	855	WICOR	12.3	25⅜–15¾	21¾	25.60	0.8	2.29	9	2.14	9.8
855	845	United Illuminating	12.1	29 –17	25½	29.90	0.9	5.58	5	3.08	12.1
856	875	Duquesne Light	11.9	19 –11⅜	16½	16.36	1.0	2.02	8	2.00	12.1
857	171	Frontier Holdings	11.8	30½– 7	13½	18.39	0.7	–2.08	def	0.20	1.5
858	572	Fisher Foods	11.3	15½– 5⅜	9⅞	14.60	0.7	0.49	20	none	0.0
859	818	Union Electric	10.3	16¼– 9¾	14¾	15.62	0.9	2.68	6	1.72	11.7
860	820	Rochester Gas & Elec	10.2	18⅞–10	17⅜	20.79	0.8	3.09	6	1.84	10.4
861	749	AMF	9.7	28½–11½	17	18.09	0.9	–0.60	def	0.50	2.9
862	731	Arizona Public Service	9.2	26½–14⅜	22¼	22.75	1.0	3.42	7	2.60	11.7
863	564	Ampco-Pittsburgh	9.0	26¼–10⅛	12⅞	21.98	0.6	–1.22	def	0.30	2.3
864	932	Nashua	8.9	34⅜– 8½	24⅛	19.91	1.2	–2.17	def	none	0.0
865	812	UGI	8.8	36¼–17	18⅜	27.76	0.7	0.32	58	2.04	11.0
866	873	Commonwealth Edison	8.7	29¼–16⅛	28	26.42	1.1	4.40	6	3.00	10.7
866	679	Lubrizol	8.7	41⅜–14⅛	24⅞	11.79	2.1	1.49	17	1.08	4.3
868	548	First City Bancorp	8.7	41⅛–15⅜	18	24.31	0.7	2.41	7	1.30	7.2
869	839	Kaiser Alum & Chem	8.6	30⅛–11½	19	30.81	0.6	–4.93	def	0.60	3.2
870	765	Longview Fibre	8.3	40 –14½	26	17.62	1.5	0.81	32	1.20	4.6
871	872	Public Service Colo	8.2	19 –11⅛	18⅛	16.52	1.1	1.93	9	1.84	10.2
872	848	Gas Service	6.9	16¼– 9¼	15½	19.11	0.8	0.68	23	NM	–
873	424	Gelco	6.5	37 –14½	19⅞	18.55	1.1	–2.38	def	0.56	2.8
874	826	Dresser Industries	6.1	57 –12¼	19⅝	25.35	0.8	0.03	NM	0.80	4.1
875	669	Deere	5.8	49¼–22	36⅛	35.29	1.0	–0.33	def	1.00	2.7
876	859	National City	5.7	46 –23¾	42	51.92	0.8	6.15	7	2.75	6.5
877	282	Milton Bradley	5.6	50½–14½	21¼	26.32	0.8	0.52	41	1.20	5.6
878	757	Phillips Petroleum	5.5	62⅞–23½	33⅜	37.70	0.9	4.11	8	2.20	6.6
879	838	NICOR	5.2	45½–24¾	27¾	33.50	0.8	1.01	27	3.04	11.0
880	843	Middle South Utils	5.0	16⅞–10¼	15¾	18.05	0.9	2.35	7	1.74	11.0
881	893	Am Natural Resources	4.8†	44 –25¼	40¾	38.87	1.0	6.93	6	3.16	7.8
882	881	Michigan National	4.6	20¼– 9¾	16½	30.24	0.5	2.49	7	1.20	7.3

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. ‡Four-year price range. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
883	867	Champion Spark Plug	3.9%	13¾– 6⅞	10	$ 9.42	1.1	$ 0.55	18	$0.40	4.0%
884	606	Athlone Industries	3.9	30 –14⅝	20¼	22.22	0.9	–1.47	def	1.60	7.9
885	942	Talley Industries	3.3	12⅝– 3⅜	11¾	11.40	1.0	0.87	14	none	0.0
886	886	Georgia-Pacific	3.1	34⅞–13¼	25	20.39	1.2	0.40	63	0.60	2.4
887	789	American Tel & Tel	2.9	70¼–45	62¼	68.92	0.9	7.05	9	5.40	8.7
888	852	Brockway Inc (NY)	2.3	19½–12½	16⅝	29.48	0.6	1.32	13	1.32	7.9
889	901	DEKALB AgResearch	2.1	60¼–12¼	24¼	30.28	0.8	1.07	23	0.72	3.0
890	877	Phila Electric	1.6	18⅜–11⅛	15¾	17.93	0.9	2.47	6	2.12	13.5
891	940	Castle & Cooke	0.9	18⅛– 6⅞	16	14.22	1.1	0.42	38	none	0.0
892	954	National Intergroup	0.4	35½–13⅞	29⅛	54.03	0.5	–10.37	def	0.25	0.9
893	472	InterFirst	0.4	32⅜–15⅝	16⅝	20.45	0.8	–1.17	def	1.20	7.2
894	909	Ohio Edison	0.0	17½–10¼	14⅞	15.48	1.0	2.07	7	1.80	12.1
894	706	Southwest Forest Inds	0.0	28⅞– 7¼	13½	23.63	0.6	–2.36	def	none	0.0
894	222	Tosco	0.0	45⅛– 4½	6	14.98	0.4	–13.30	def	none	0.0
897	923	Ingersoll-Rand	–0.5	80 –35½	48¼	57.13	0.8	–1.55	def	2.60	5.4
898	102	Bally Manufacturing	–0.9	48⅜–17⅛	20⅜	18.62	1.1	1.01	20	0.20	1.0
899	950	Colonial Penn Group	–1.5	27½–11¼	24½	20.18	1.2	2.68	9	1.40	5.7
900	952	General Refractories	–2.0	14 – 2⅜	6⅛	4.85	1.3	–2.67	def	none	0.0
901	869	Sperry	–2.2	65⅝–20½	43⅜	52.68	0.8	3.20	14	1.92	4.4
902	925	Bucyrus-Erie	–2.4	27½–10¼	15¼	19.65	0.8	–3.43	def	0.44	2.9
903	955	National-Standard	–2.5	21⅜– 7⅛	14⅜	22.32	0.6	–0.23	def	none	0.0
904	893	Ideal Basic Inds	–3.4	36¼–11¾	21⅛	25.72	0.8	0.92	23	none	0.0
905	804	Amsted Industries	–3.5	49 –18⅝	34⅛	34.32	1.0	–0.35	def	0.80	2.3
906	47	Storage Technology	–4.1	40⅜–11⅞	14¾	15.92	0.9	0.09	NM	none	0.0
907	933	Rexnord	–4.7	20¼– 8½	15⅜	17.90	0.9	0.43	36	0.40	2.6
908	919	Amer Hoist & Derrick	–5.2	26½– 8¾	13⅜	26.61	0.5	–5.13	def	none	0.0
909	888	Clark Equipment	–5.5	45 –18	34⅜	33.41	1.0	1.04	33	1.10	3.2
910	934	No Indiana Pub Svc	–5.6	16⅞–10	14⅞	15.25	1.0	1.60	9	1.50	10.1
911	833	Dayton Power & Light	–6.0	19⅛–11⅛	13¾	18.35	0.7	2.62	5	2.00	14.5
912	914	Research-Cottrell	–6.3	21⅛– 9¾	15	23.16	0.6	0.97	15	0.32	2.1
913	962	Revere Copper	–7.6	25⅜– 4¾	12¼	5.56	2.2	–4.36	def	none	0.0
914	918	Koppers	–8.7	35¼–11¼	18⅜	20.28	0.9	0.11	NM	0.80	4.4
915	965	Westmoreland Coal	–9.4	37½–13½	24	25.48	0.9	1.14	21	0.40	1.7
916	691	Parker Drilling	–10.3	36⅜– 7⅛	9⅛	13.26	0.7	–0.80	def	0.16	1.8
917	880	Illinois Power	–11.0	24⅛–15¼	20¼	21.53	0.9	3.58	6	2.48	12.2
918	900	Toledo Edison	–12.1	22½–15	19	23.32	0.8	3.39	6	2.44	12.8
919	829	Armco	–12.6	41⅜–14½	17⅜	29.25	0.6	–10.53	def	0.40	2.3
920	941	Pittston	–13.0	34¾–11⅞	15⅛	16.34	0.9	–0.36	def	0.20	1.3
921	882	Xerox	–13.2	71¾–27⅛	46¼	43.96	1.1	4.41	10	3.00	6.5
922	517	Ashland Oil	–14.1	45⅜–20½	29	38.97	0.7	2.23	13	1.60	5.5
923	661	Butler Manufacturing	–14.3	30¼–18½	25½	30.42	0.8	–0.39	def	1.32	5.2
924	920	American Elec Power	–14.8	23½–15¼	18	19.98	0.9	2.13	8	2.26	12.6
925	896	Portland Genl Elec	–14.9	18⅜–10¾	14¼	18.55	0.8	2.37	6	1.78	12.5
926	835	Long Island Lighting	–15.2	18¼–13½	14⅜	18.65	0.8	2.80	5	2.02	13.8
927	*	Puget Sound Pwr & Lt	–15.7	17½–11	14⅛	17.35	0.8	1.76	8	1.76	12.5
928	953	Inco	–16.7	33¼– 7⅛	13⅛	12.76	1.0	–2.98	def	0.20	1.5
929	533	Smith International	–16.9	70¼–18	19⅜	29.36	0.7	–4.14	def	0.96	5.0
930	943	MAPCO	–18.2	51⅞–20½	23⅜	21.06	1.1	1.90	12	1.00	4.2
931	119	Mattel	–18.3	31½– 5¼	6⅛	11.76	0.5	–9.53	def	none	0.0
932	890	Liquid Air	–18.7	34½–14¾	21¾	21.79	1.0	1.80	12	1.60	7.4
933	876	Northwestern Steel	–18.9	29¼–14⅞	23⅛	30.25	0.8	–2.68	def	none	0.0
934	883	Continental Illinois	–19.1	42¾–15⅛	21⅛	42.81	0.5	2.91	7	2.00	9.5
935	693	Amdahl	–19.3	29⅞– 7⅜	19⅜	7.71	2.5	0.65	30	0.20	1.0
936	911	Lukens	–19.8	17½– 8¾	12⅝	26.99	0.5	–2.61	def	0.40	3.2
937	938	Inland Steel	–20.7	40⅜–18⅛	27¾	52.19	0.5	–4.84	def	0.50	1.8
938	957	Evans Products	–22.5	24⅛– 4½	12½	15.56	0.8	–4.23	def	none	0.0
939	854	Public Service Indiana	–22.8	27½–17½	19	26.10	0.7	4.21	5	2.88	15.2
940	905	Consumers Power	–22.9	23⅜–15⅜	17¼	26.87	0.6	3.02	6	2.52	14.6
941	773	BankAmerica	–25.2	30⅞–15⅜	19¼	28.96	0.7	2.22	9	1.52	7.9
942	836	Alexander & Alexander	–26.4	38 –18⅜	20¼	10.61	1.9	–0.13	def	1.00	4.9
943	825	AMAX	–26.5	69 –17½	23⅞	32.45	0.7	–4.50	def	0.20	0.8
944	246	Oak Industries	–26.7	38½– 4⅝	6	15.20	0.4	–6.15	def	none	0.0
945	908	Caterpillar Tractor	–27.2	73¼–33⅛	42¾	38.28	1.1	–5.96	def	1.50	3.5

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. NM: not meaningful. def: deficit.

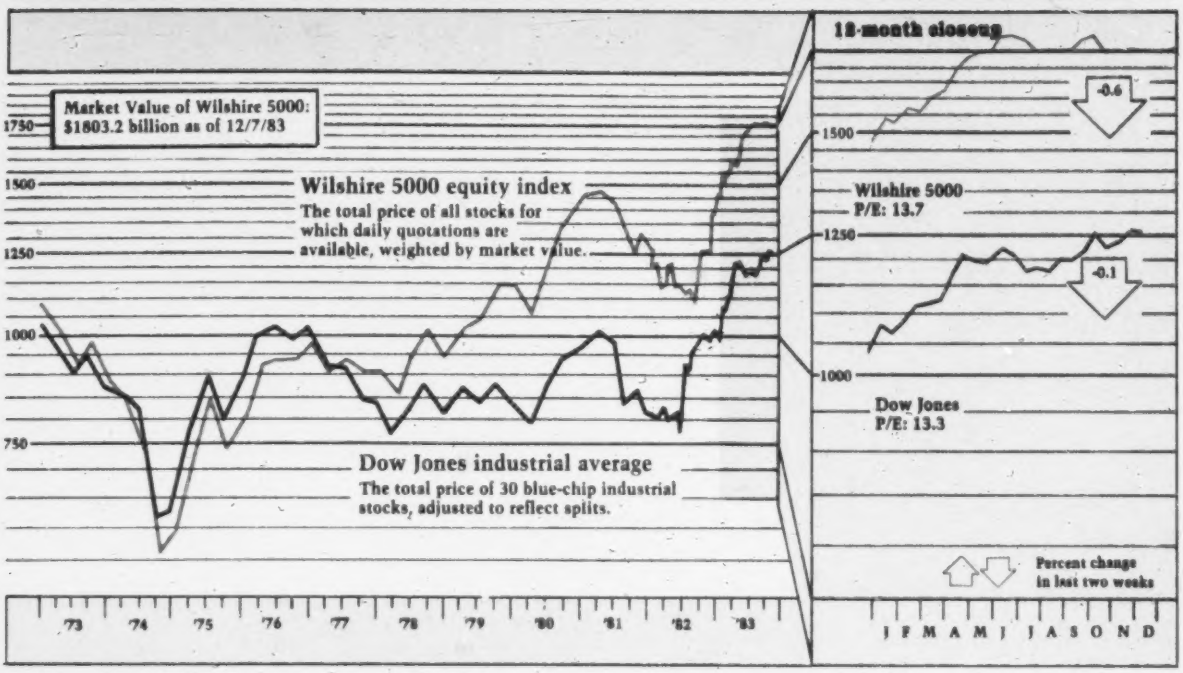
Who's where in the stock market

Rank 83	Rank 82	Company	5-year price change	1979-83 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
946	931	Chromalloy American	–28.2%	28¼– 7½	11⅛	$17.60	0.6	$–1.33	def	none	0.0%
947	959	Hanna Mining	–28.8	44⅜–16½	21⅝	38.70	0.6	–3.57	def	$0.40	1.8
948	935	Dravo	–29.6	33⅛– 9¼	13¼	17.82	0.7	–2.10	def	0.50	3.8
949	686	Eastern Air Lines	–30.9	13⅛– 3⅞	5⅞	9.59	0.6	–7.17	def	none	0.0
950	779	Polaroid	–30.9	56 –16¼	35¾	29.16	1.2	1.09	33	1.00	2.8
951	924	Bird	–34.0	22⅞– 4⅜	12	13.12	0.9	–0.94	def	none	0.0
952	945	Burroughs	–35.3	87½–27⅛	47¼	48.36	1.0	4.35	11	2.60	5.5
953	930	Revlon	–35.3	54⅞–22⅞	33¼	29.05	1.1	2.20	15	1.84	5.5
954	917	Cincinnati G & E	–36.3	21⅛–12⅜	12¾	19.70	0.6	2.99	4	2.16	16.9
955	947	Chic Pneumatic Tool	–38.1	29⅜–10⅞	15	27.93	0.5	–4.37	def	none	0.0
956	973	Massey-Ferguson	–40.0	13⅜– 1⅝	5¼	–1.94	NE	–9.35	def	none	0.0
957	*	Apple Computer	–42.1‡‡	63¼–10¼	19¾	4.50	4.4	1.28	15	none	0.0
958	743	Toro	–45.4	29⅝– 5⅜	10⅜	8.01	1.3	0.11	NM	none	0.0
959	963	Allis-Chalmers	–45.7	38⅝– 6¼	15¾	28.45	0.6	–20.09	def	none	0.0
960	635	Republic Airlines	–47.4	11⅝– 2⅛	3¾	1.27	3.0	–7.04	def	none	0.0
961	960	Harnischfeger	–48.0	26 – 5½	8¼	13.57	0.6	–9.26	def	none	0.0
962	951	Western Air Lines	–48.5	12 – 3⅜	4¼	4.69	0.9	–7.88	def	none	0.0
963	970	Manville	–49.2	27¾– 4¼	11½	31.38	0.4	2.94	4	none	0.0
964	966	First Pennsylvania	–51.9	15 – 2⅜	6⅜	11.81	0.5	–1.14	def	none	0.0
965	948	Avon Products	–54.7	56 –19⅜	23	16.40	1.4	2.45	9	2.00	8.7
966	961	Pettibone	–55.7	29¼– 7¼	7¾	17.02	0.5	–18.63	def	none	0.0
967	967	Wickes Cos	–55.9	18 – 2	5¼	–15.42	NE	–0.92	def	none	0.0
968	958	Savin	–56.4	19¾– 4⅜	5½	4.80	1.1	–1.97	def	none	0.0
969	487	Texas Air	–56.8	15¼– 4	5⅛	4.15	1.2	–11.88	def	none	0.0
970	967	General Public Utils	–58.6	18⅞– 3⅜	7¼	23.45	0.3	0.76	10	none	0.0
971	936	Marion	–59.3	15⅝– 1	1¼	2.19	0.5	–1.36	def	none	0.0
972	972	Intl Harvester	–63.5	45½– 2¼	13¼	–18.60	NE	–23.00	def	none	0.0
973	865	HRT Industries	–65.3	11¾– 2¼	2⅞	4.84	0.6	–4.25	def	none	0.0
974	28	Baldwin-United	–73.2	50⅜– 2⅛	2¼	17.61	0.2	–28.80	def	none	0.0
975	964	Rath Packing	–76.5	8¼– ½	½	5.64	0.1	–3.18	def	none	0.0
976	971	AM International	–80.8	25 – ¼	4⅛	–7.76	NE	0.29	14	none	0.0
977	956	Tiger International	–81.5	28¾– 4¼	4½	16.72	0.3	–14.35	def	none	0.0
**	*	American President		28⅛–18¼	27⅜	NA	–	1.09	25	none	0.0
**	*	Big Bear		15 –10½	11¾	4.43	2.7	1.59	7	none	0.0
**	*	Bruno's		21 – 5⅜	14½	3.90	3.7	0.92	16	0.24	1.7
**	*	Calif Federal S&L		30¼–20	23¾	NA	–	4.44	5	none	0.0
**	*	CIGNA		55⅜–31	43	62.59	0.7	5.85	7	2.48	5.8
**	*	Engelhard		44⅛–17	36½	15.32	2.4	2.61	14	0.64	1.8
**	*	L B Foster		17½– 4	6⅜	7.87	0.8	–1.30	def	0.10	1.6
**	*	Geo International		46½– 7½	8¾	13.13	0.7	–3.15	def	none	0.0
**	*	Glendale Federal S&L		13⅜– 9⅝	11¼	NA	–	2.03	6	none	0.0
**	*	Gulfstream Aerospace		23½–14¾	17⅜	2.43	7.2	1.64	11	none	0.0
**	*	Home Federal S&L-Cal		25⅛–13⅞	14⅞	NA	—	0.99	15	none	0.0
**	*	Imperial Corp of Am		17⅜– 4¾	10⅜	15.30	0.7	–2.31	def	none	0.0
**	756	Louisiana Land		30⅛–23½	27¼	22.07	1.2	2.64	10	1.00	3.7
**	*	Mack Trucks		19½–15¼	19⅛	14.78	1.3	–1.18	def	none	0.0
**	*	Masonite		59 –17¾	45½	37.29	1.2	3.67	12	1.32	2.9
**	*	McLean Industries		11 – 9⅞	10⅜	5.47	1.9	1.04	10	none	0.0
**	*	MidCon		39¼–19⅜	35⅜	33.91	1.0	4.11	9	2.16	6.1
**	*	Nabisco Brands		44⅝–25⅛	42⅞	26.22	1.6	4.84	9	2.28	5.3
**	*	Norfolk Southern		70⅝–40¼	64¾	55.44	1.2	4.70	14	2.80	4.3
**	*	Pabst Brewing		16⅛– 7¼	7¾	NA	–	NA	–	none	0.0
**	*	Peabody Intl		15⅛– 4⅝	12¼	11.50	1.1	0.71	17	0.20	1.6
**	*	Peoples Energy		10⅞– 7	9⅜	10.71	0.9	1.25	8	1.00	10.4
**	*	Phibro-Salomon		41 –10⅛	30¾	12.85	2.4	3.22	10	0.54	1.8
**	*	PNC Financial		46⅛–31½	39⅛	32.96	1.2	5.53	7	2.12	5.4
**	*	Primark		39½–21	37½	53.68	0.7	2.82	13	2.40	6.4
**	*	Richardson-Vicks		34¾–20½	29¾	19.81	1.5	2.11	14	1.48	5.1
**	*	RLC		12¼– 3⅞	10¼	5.06	2.0	0.34	30	0.20	2.0
**	*	Student Loan Mktg		27 –20⅝	27	2.95	9.2	1.28	21	0.11	0.4
**	*	Swift Independent		37¾– 8¾	31⅛	19.41	1.6	4.29	7	1.04	3.3
**	*	Tribune		31⅝–27¾	31¼	16.63	1.9	1.71	18	0.72	2.3
**	*	Wilson Foods		15 – 4⅛	7⅛	14.26	0.6	–7.31	def	none	0.0

Note: Except as footnoted, price changes are measured from Dec. 29, 1978 to Nov. 15, 1983. For comparison, the five-year change in the Consumer Price Index was 54.9%.

*Not ranked last year. **Not ranked due to merger, spinoff, new issue or conversion to stock company. ‡‡Three-year price change. NA: not available. NM: not meaningful. NE: negative equity. def: deficit.

The Forbes/Wilshire 5000 Review



Twilight zone. Every time the market takes a run at higher altitudes, some "mysterious" force pushes it down again. Yes, the market did hit a new peak during the most recent two-week period. But then profit-taking, automatic selling by institutions, and investor unease set in. As a result, the Dow industrials ended the stretch with a minor 0.1% loss. The NYSE fared a bit worse and ended up with a 0.6% setback. While the broadly based Wilshire index of nearly 5,000 securities registered a similar-size decline, that was because of the divergent actions of the two other major markets. They moved in opposite directions, effectively canceling each other out. While the NASDAQ index declined 0.9%, the Amex finished the period with a 0.7% gain.

Now that nearly all September-quarter earnings figures have been released, an improvement in corporate profitability is apparent. Since our last report, the P/E multiple on the Wilshire index dropped from 14.2 to 13.7. The last time the P/E on the Wilshire was lower than 13.7 was back in mid-April. From then to an interim peak in June, the Dow gained 91 points. In addition, year-end tax-selling will soon be over. With luck, these good omens will combine to make early 1984 the time that Wall Street begins another major leg of the bull market.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.7	0.6	3.3	1.5	3.5	4.1
in last 52 weeks	18.3	16.8	21.6	17.3	31.6	17.2

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.0	4.3	5.3	2.0	4.1	5.6	1.5	5.0	2.5	2.7	3.4	2.9
in last 52 weeks	20.3	66.4	51.6	30.9	33.4	64.9	29.6	59.1	55.2	30.2	28.8	57.1

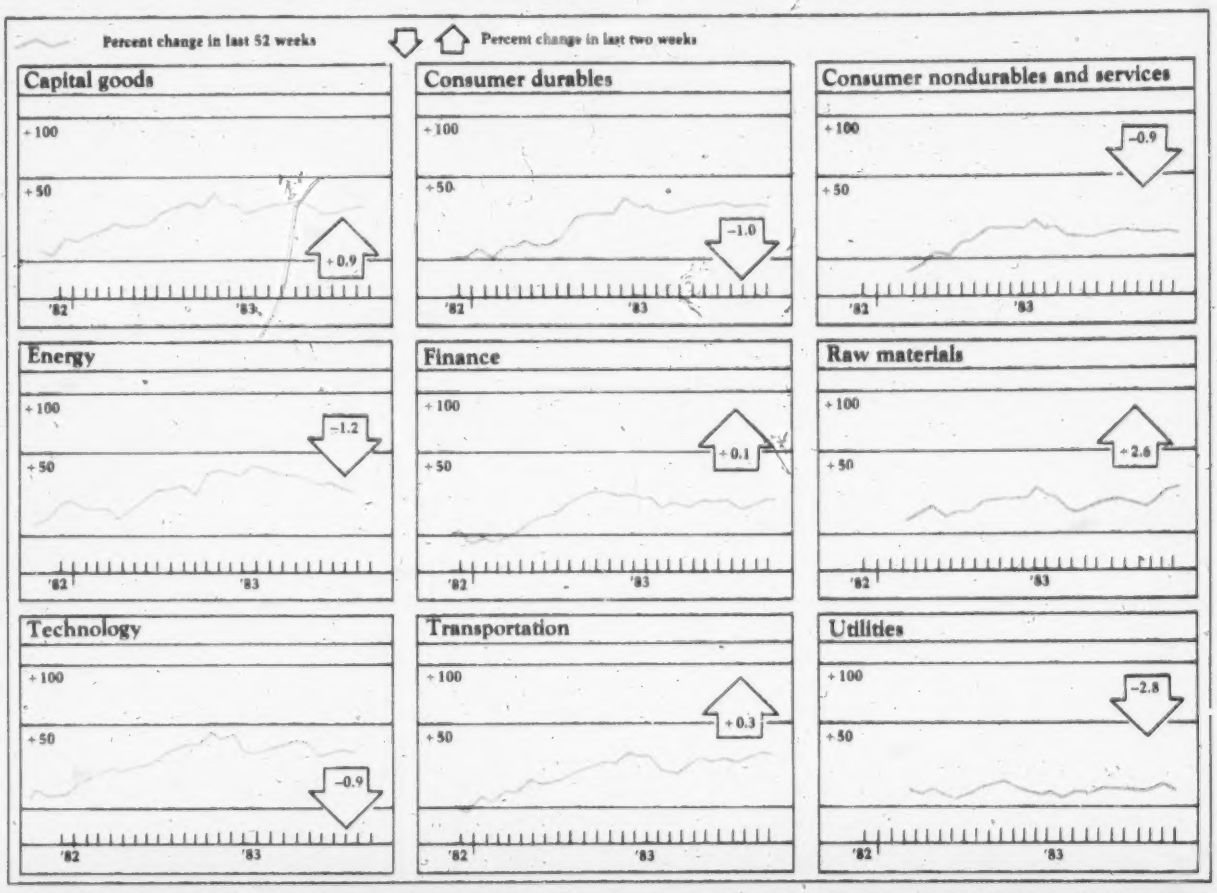
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/7/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

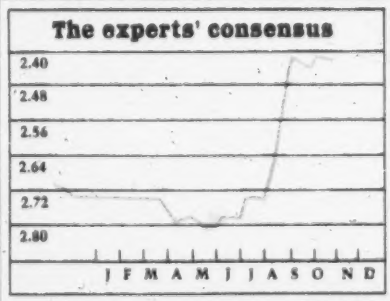
Gold diggers. Thanks to renewed volatility in the gold and silver markets, the raw materials sector bucked the declining averages and advanced 2.6% over the last two weeks. Improved traffic levels brought some investors back into airline stocks and helped the transportation group to add 0.3%. Two other groups registered gains: capital goods and finance, up 0.9% and 0.1%, respectively.

Utility shares, meanwhile, even though they are the top choice of Wall Street experts, posted the biggest decline with a 2.8% setback. These high-yield companies tend to be strong when investors are thinking defensively and weak when they anticipate big market gains. The utilities now show only an 8.7% gain for the latest 52 weeks, vs. a 31.8% advance for market leader consumer durables.



What The Analysts Think

Whom do you trust? The stumbling utility group still claims first-place honors. But raw materials stocks dropped from the third to the seventh position, even though this group performed impressively over the last two weeks. Meanwhile, both the technology and energy groups moved ahead in the buy/sell rankings.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	1.85	1	1
2	Consumer durables	2.20	2	2
3	Technology	2.23	5	5
4	Transportation	2.41	4	4
5	Energy	2.42	7	8
6	Consumer nondurables	2.54	6	7
7	Raw Materials	2.55	3	3
8	Capital goods	2.64	8	6
9	Finance	2.82	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 12/7/83. Prepared by Wilshire Associates, Santa Monica, Calif.

JANUARY 16, 1984 THREE DOLLARS

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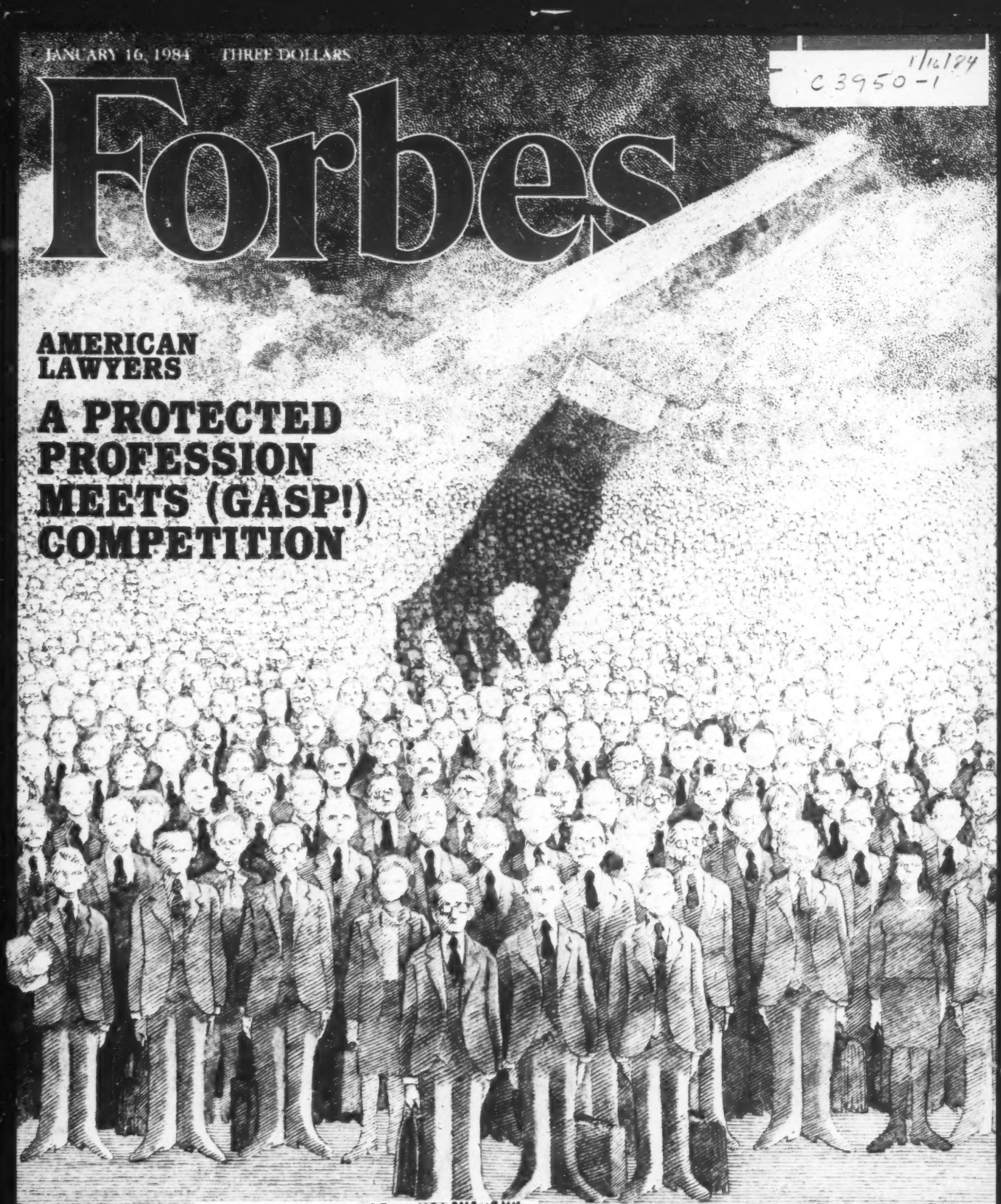
Forbes

AMERICAN LAWYERS

A PROTECTED PROFESSION MEETS (GASP!) COMPETITION



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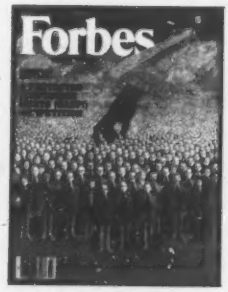

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35 State Government:
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Fueled by hard times, state lotteries are spreading across the nation.

36 Publishing:
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Here's why there are fewer three-martini lunches in the paperback business these days.

37 Promoters:
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Still living it up, still surrounded by beautiful women, the impresario of IOS talks a great game about making a comeback. Behind the bluster, though, Bernie may be a burnt-out case.

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That's the plea of more and more of U.S. business. But so far, the Reagan Administration seems to have the courage of its free-trade convictions.

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A nice little niche in a huge market.

50 Publishing:
Mr. Pulitzer, Meet Mr. Bick
Nobody is taking suburban newspapers lightly anymore. This time, they threaten a 131-year-old big-city institution despite the Newspaper Preservation Act.

55 The Up & Comers:
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When Duncan Syme started making cast-iron wood-burning stoves in rural Vermont, he was trying to escape the rat race. Now he has a real business on his hands. Also: Seven Oaks International Inc.; After Six, Inc.

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California's rice growers are the most productive in the world. So how come they're not the most competitive?

73 Cover Story:
Tough Times For The Lawyers
If you've paid any legal bills lately you may find this hard to believe, but the fact is, the lawyers are in for a real squeeze. Deregulation and the law of supply and demand are catching up to the legal profession.

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The Uses Of Sharks
Despite obvious antisocial attributes, sharks may qualify as one of man's best friends. Also: The technology of big bangs; who's helped, who's hurt, by the new Medicare rules.

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Maybe un-cola made more sense after all.

90 Computers:
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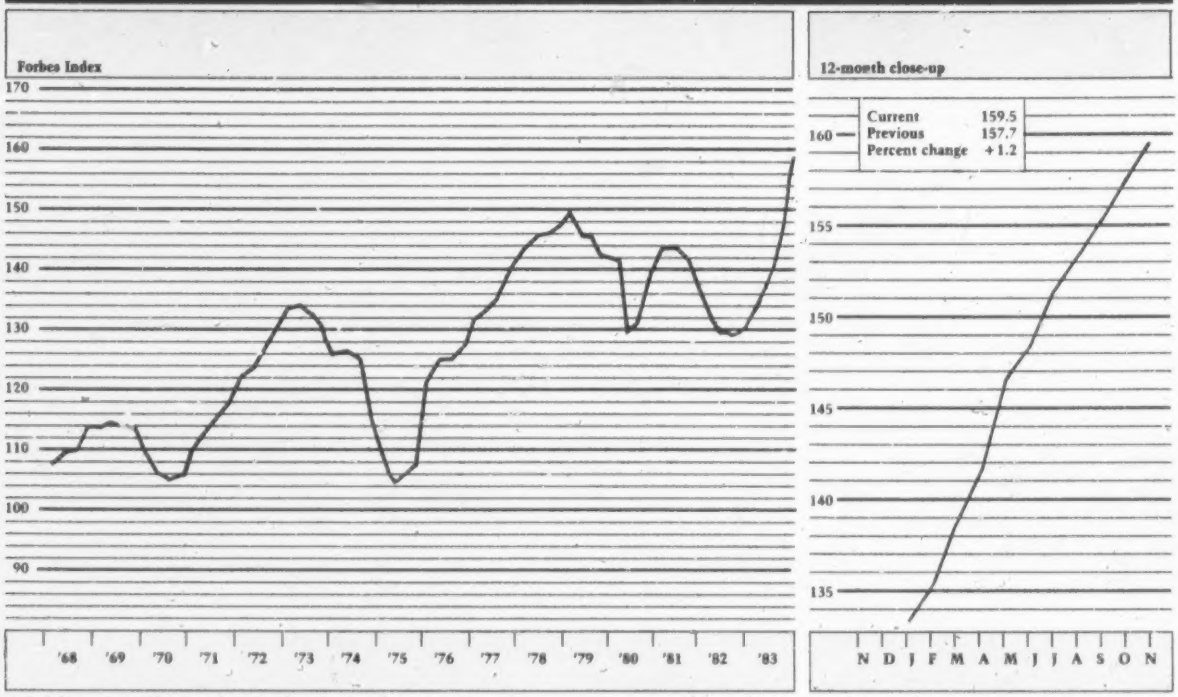
The Forbes Index



Trickling up. The Forbes Index moved up 1.2%, to a new high. But there was slippage in two components: new unemployment claims and new housing starts, which dropped 13.8% from the previous month.

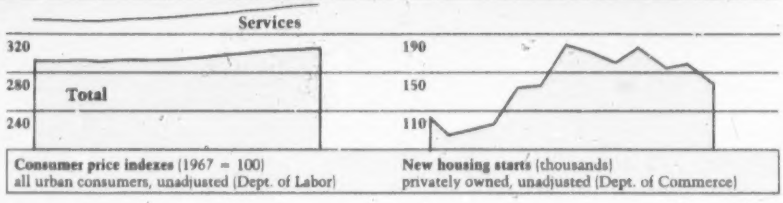
A seasonal construction falloff is normal, of course. The strength of the housing recovery can be seen by the fact that the latest monthly figures are some 25.6% higher than they were at the same time last year. The 0.4% jump in new unemployment claims, by contrast, is less easy to explain away.

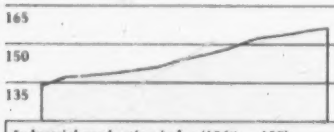
The best news comes from retail sales. They were up 1.9% from the previous month and 10.8% from the same period a year ago. Industrial production gained 0.8%, and consumer installment credit rose 1.3%. While the overall consumer price index showed a monthly rise of 0.2%, personal income kept pace with a similar rise.

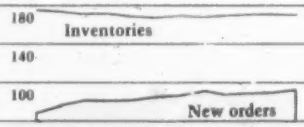
The Forbes Index Components

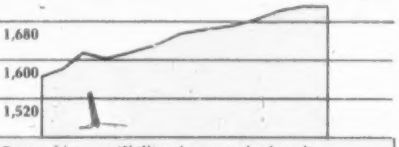
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

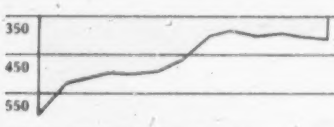
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.

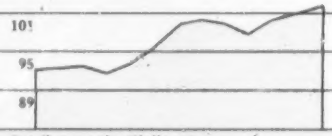


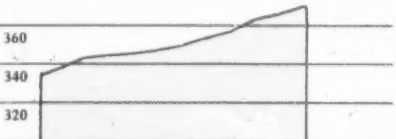


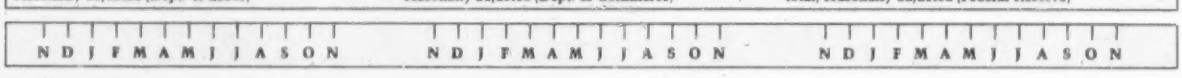












The recession may be over for most of the economy, but things are still tough in the legal profession. And they may get worse.

Lawyers versus the marketplace

By Richard Greene

IF YOU HAVE PAID any legal bills lately, you may have trouble believing what we are about to say, but it's true: Taken as a whole—and there are wondrously prosperous exceptions—American lawyers are headed for serious financial trouble. Their golden age is coming to an end. This pampered, protected profession is feeling the bite of unaccustomed competition. You won't find lawyers driving taxicabs yet, but it could happen soon.

"Competitive pressures are forcing lawyers to become businessmen," says Michael Magness, who heads the recruiting arm of law directory publisher Martindale-Hubbell. "The lawyer who doesn't become a good businessman isn't going to make it."

The public isn't yet aware of what is happening. Big-name negligence and criminal lawyers still command outrageous fees. Blue ribbon firms with blue chip clients are hardly cutting rates to stay in business. But this is a small corner of the legal world. Only the most successful lawyers earn $250,000 a year, and big corporate firms with more than 50 lawyers are just 3% of the profession.

The Commerce Department estimates that private law firms take in $30 billion annually. That sounds like a lot until you realize the money gets divided among roughly 400,000 lawyers in private practice and that the $30 billion is by no means pure gravy. After expenses, the average attorney earns probably no more than $40,000. Adjust for the fat earnings of the much publicized cream of the legal profession, and you are left with tens of thousands of lawyers who take home $30,000 a year—many a good deal less. What's more, attorneys who work for private industry typically make less than those in legal partnerships.

How does the profession earn its fees? The money is about evenly split between corporate and personal clients. On the personal side, real estate closings are a major revenue producer, along with divorce settlements and wills. For businesses, lawyers do lots of routine incorporation work and contract review.

Think of the law, and most people get visions of takeover fights, huge negligence claims and dramatic murder trials, but these account for only a tiny portion of total legal income. "You go to law school and believe you're going to conquer the world," says Ivy Adler, a 30-year-old

We're number one!

If the U.S. has lost its competitive edge in manufacturing automobiles or steel, it continues to reign supreme in turning out vast quantities of lawyers. A quick look at the chart below shows that the U.S. boasts over twice as many lawyers per thousand people as England and Wales, about five times as many as West Germany and over 25 times as many as Japan.

Lawyers per 1,000 population

England and Wales	Canada	West Germany	U.S.	Japan
1.00	1.60	0.57	2.67	0.10

New Jersey attorney. "I was very interested in the theoretical stuff, but now I do mostly house closings and partnership agreements. ... not exactly conquering the world."

Much of today's trouble stems from one simple fact: There are too many lawyers chasing too few clients. The statistics are numbing. There were only 355,000 lawyers in the U.S. in 1970. There are 622,000 now, and there will be over 1 million by the middle of the next decade.

The number of lawyers is growing much faster than the business available to support them. This should have been predictable: Lawyering is clean work, no heavy lifting and fairly prestigious. As long as it seemed lucrative, the number of people wanting to get into the profession inevitably swelled. Few people ever expected the law of supply and demand to prevail for lawyers. But it has.

The implications of all this are ominous. Ominous for the general public because some of these hungry lawyers encourage litigation—and, in the end, the general public pays for litigation. Ominous for the lawyers because, no matter how much unnecessary litigation they drum up, there isn't likely to be enough work to go around. There are simply too few fender-benders, too few divorces, too few product liability claims to keep all of today's lawyers in three-piece suits. Clearly, something has to give.

For some lawyers, it already has. Russell Howes was graduated from Wayne State University law school in 1980 expecting immediate success, the kind his older brother enjoyed in the Sixties. After applying to over 150 law firms without one offer, Howes is chastened. "The opportunities have dried up," he explains. "In any major city you're considered a golden boy if you're able to snare a job." Howes launched his own practice in a small Michigan town a couple of months ago. But this, too, is discouraging. "Someone comes through the door about every week and a half," he says.

Freshly graduated attorneys aren't the only ones with problems. According to a confidential Price Waterhouse study of law firms nationwide, net income per partner was 10% less, adjusted for inflation, in 1981 than in 1978. Meanwhile, several large firms have gone out of business. Marshall, Bratter, Greene, Allison & Tucker, a 100-lawyer New York City firm with fancy Park Avenue offices, closed its doors in 1982. So did Greenbaum, Wolff & Ernst, a specialist in the literary field. More recently, a well-known entertainment firm, Fulop & Hardee, fell apart.

Even large in-house legal staffs are feeling the pinch. One middle-aged attorney, for example, left his job as group counsel at a division of a Forbes 500s company two years ago after a corporate restructuring. With Ivy League degrees and 20 years' experience, he thought he would find a job quickly. "But I was wrong," he says today—still unemployed.

Though lawyers who have been forced into the job market know the hard truths of the mid-1980s, others hide from reality. They will tell you that the current troubles are merely a result of the recession, and that happy days are nearly here again. Or, if they admit they are worried, it is not about their own practice but about the other fellow's. Sheer self-deception. People who talk like that have their heads in the sand.

The happy days are over for lawyers not only because their numbers grew faster than the business available to them—surpluses created by supply and demand usually are eradicated by supply and demand—but also because of a phenomenon that is sweeping the economy. Lawyers, like airline pilots, bus drivers and bankers, are feeling the effects of deregulation. The difference is that lawyers got their deregulation over time, while it hit most other fields in one fell swoop.

Deregulation for lawyers dates from June 1975. At that time the Supreme Court ruled that state bar associations could no longer set minimum fees. Previously, it was pointless to shop for legal services. Lawyers could collude to fix prices. Activities that might have sent ordinary businessmen to jail were permitted for lawyers.

As the effect of this decision worked its way into the marketplace, a number of state bar associations also stopped zealously maintaining so-called unauthorized practices books. These defined activities that lawyers regarded as their exclusive province. Estate- and tax-planning, for example, were once jealously guarded. Now, says Barbara Curran of the American Bar Foundation, "state bars are not preoccupied with the gray areas." Today lawyers must compete for estate- and tax-planning business with bankers and accountants.

Lawyers have lost, too, because of such commendable reforms as no-fault insurance and no-fault divorce. But this loss of business promises to pale in the future beside what they may lose from the restructuring of financial institutions. After all, who needs a lawyer to arrange a

mortgage through his Visa card?

It's not surprising that once law firms were permitted to advertise, many did so. Nor is it surprising that so many lawyers have recently hired public relations firms—if paid advertising is undignified, what is wrong with a little free advertising?

At any rate, some 5,000 firms told the American Bar Association last year that they had tried advertising. The pitches range from agate type in legal journals to Berger & Associates' $20-off coupon in last year's New York Yellow Pages. Lawyers even buy time on television. And that's not all. Arkans & Levin, a 12-office firm based in Pennsylvania, uses matchbook covers and bowling alley scoresheets.

Law firms, even snooty Wall Street law firms, now have glossy brochures they mail to prospective clients, and partners make cold calls on corporations. All this not without a certain twinge of guilt. A press agent recently tried to persuade FORBES to interview a lawyer-client—but, please, please, don't tell anyone the client is using a flack. The interview should look spontaneous. (We turned down the suggestion.)

Once lawyers begin advertising, it's only another step to abandoning the old pretense of independent professionalism and moving toward prepaid group practice. This turns lawyers into wage earners. Horror of horrors.

Technically, group practice, which is nothing more than bringing to the law office Adam Smith's old concept of the pin factory, makes considerable sense. Many attorneys, after all, spend much of their time and make most of their money doing relatively simple, mass-producible paperwork. Your will or your mortgage probably differs little from your neighbor's, and there is no reason that it should. No reason? Well, there's the lawyers' reason. If they can charge you $800 for a fill-in-the-blanks document copied from a form book, why not?

Consider the advantages—to the public, of course, not to lawyers—of so-called prepaid law. These plans are now available to perhaps 2 million households largely as a collective bargaining fringe benefit. For as little as $50 annually, participants get a guaranteed hourly rate for legal services (usually $50). There are also free telephone consultations and low, fixed prices for wills and divorces.

Since wages have been under pressure, prepaid legal plans are on labor's back burner at the moment. But the potential is clear: An industry association study estimates that 25 million people will have such coverage by the end of the decade. This will keep a lot of lawyers from starving, but it will also deprive a lot of others of what used to be easy money.

Some hard-pressed lawyers already see prepaid plans as a source of additional income, even if it means cutting rates. Nationwide Legal Services, for example, is a sponsor of prepaid legal plans that usually require attorneys to work for $50 an hour. Now $50 an hour isn't sweatshop wages, but neither is it the stuff of Jaguars, diamonds and skiing in Switzerland.

Nonetheless, plenty of trained lawyers are happy to accept Nationwide's rates. "When we advertise for a firm to dispense services, answers pour in by the hundreds," says Lewis Burger, president of Nationwide. "Lawyers just have to understand that the days of charging $3,000 for a drunk-driving case are over."

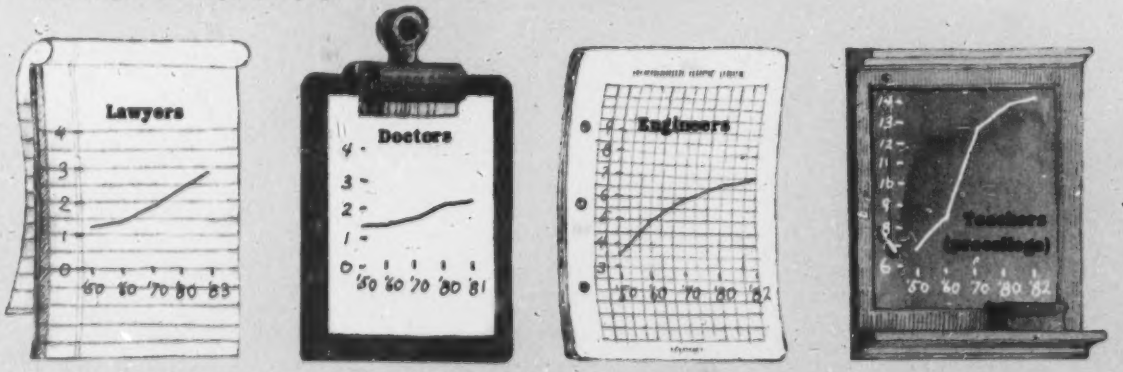
Just as they understand that, however, other businessmen see the potential of new ways to dispense legal advice. CIGNA, the $11.8 billion-a-year insurance giant, is now testing its On-Line Legal Services program in six states. Potential customers will get flyers in MasterCard or Visa bills offering unlimited free legal consultations through a toll-free telephone number. The cost: $8.75 a month. Tough cases are referred to participating local counsel, who promise 30 minutes of office time for $15 and 25% discounts for plan members.

Several other big insurers have similar plans in the works. But an even more aggressive challenge to the lawyers' status quo comes from within the profession. Legal clinics—the best-known of which are Jacoby & Meyers and Hyatt Legal Services—are as threatening to conventional law firms as off-price retailers are to Macy's and Gimbels. Well-managed production-line operations, these

Professional growth

When the number of engineers and teachers exploded during the 1950s and 1960s, those professions were hit by a classical supply-and-demand downturn. Their rapid growth rate slowed accordingly. With the legal ranks similarly swelling during the 1970s and 1980s, the same thing may soon happen again. How much longer will smart undergraduates scramble to get into law school?

Number of professionals per 1,000 people in U.S.



Sources: American Bar Foundation, American Medical Association, Bureau of Labor Statistics

off-the-rack firms offer basic legal services for a flat fee. They advertise heavily and operate out of easily accessible storefronts.

They are growing fast. Hyatt Legal Services, for example, works closely with H&R Block and now employs some 300 lawyers, ranking it among the nation's 15 largest law firms. At its present rate of growth, Hyatt claims it will be the largest law firm in America in 18 months.

Founder Joel Hyatt (J.D., Yale, 1975) considers himself more manager than lawyer. He's also a rich man at the ripe age of 33, thanks to Hyatt's success. "When I go to cocktail parties, 55-year-old lawyers invariably congratulate me and say they had the same idea 25 years ago," Hyatt says. "What they say when I walk away, I don't know."

If the old-line lawyers grumble, it isn't because these storefront lawyers are taking business away from them. More damaging to their pocketbooks is the way the Hyatts of this world are changing the way the public views legal services. They are changing it from priestly knowledge to a mere commodity bought in the marketplace. "Historically, people were intimidated to ask about legal fees, but now they know they have alternatives," says Gail Koff, partner of Jacoby & Meyers, a privately owned firm that employs about 150 lawyers.

If, say, your brother-in-law paid $300 for a will, you are less likely to accept a bill for $800 from another attorney. Ten years ago few lawyers would discuss fees with prospective clients over the telephone. But when FORBES recently called a dozen suburban New Jersey firms at random, ten gladly quoted prices for a will. And once they thought they had a prospect on the line, many firms were as eager to keep talking as insurance salesmen, mentioning other higher-profit services, like estate planning.

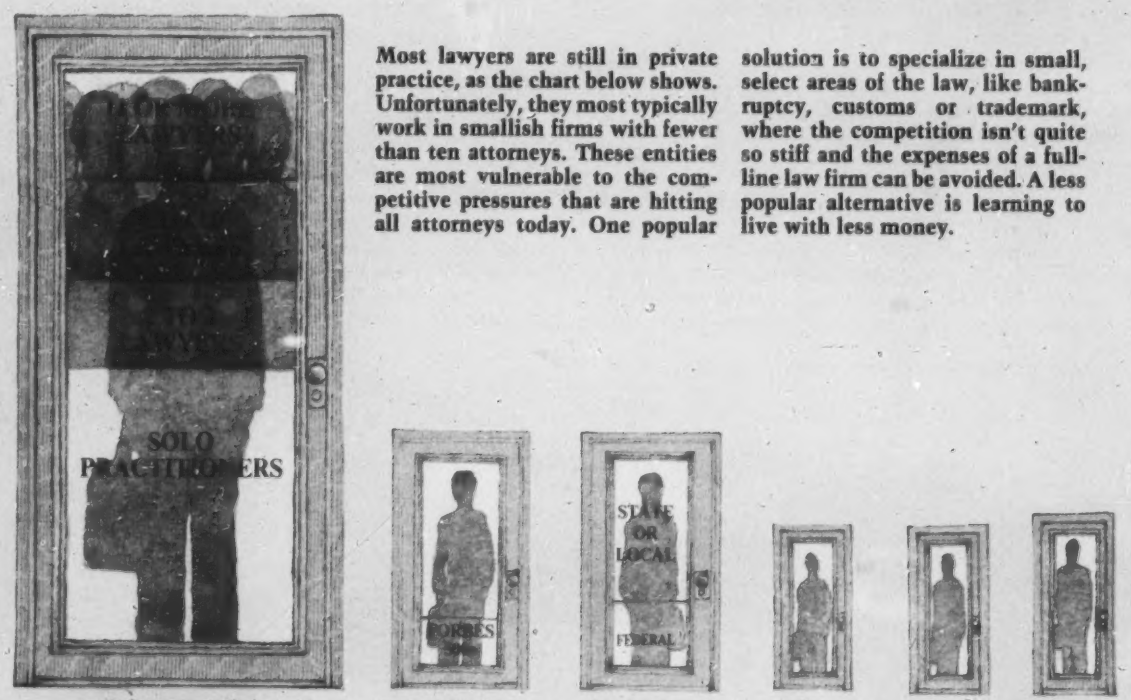
So, much of law is on its way to becoming a business like any other. This bodes ill for the 200,000 or so one-man offices. Just as the mom-and-pop grocery stores began to be crowded aside a half-century ago by supermarkets offering greater variety at better prices, so is the one-person law firm on the way out. "There was a time when the American dream was that you went out of law school, hung out your shingle, starved a few years and then started making money," says Martindale-Hubbell's Magness. "Hanging a shingle nowadays is virtually a sign of defeat. It means a guy couldn't find a job."

But surely such vulgar things aren't happening in the august field of corporate law. Oh, no? The same pressures that force firms into confrontations with their unions to keep wages down are encouraging them to whittle swollen legal bills. At many firms the cost of lawyering has outstripped R&D budgets. But lawyers, after all, rarely help produce a better product or a more profitable line. Much of their work simply helps you do things you would rather not do anyhow, like filling out government forms.

The most obvious way corporations cut legal costs is by hiring generally less expensive staff lawyers. Using them efficiently can cut legal expenses dramatically. GTE, for example, now has 117 lawyers, up from 61 in 1974. Although the growth of the in-house staff slowed during the recession, it has already hurt many outside lawyers.

Knock twice before entering

Most lawyers are still in private practice, as the chart below shows. Unfortunately, they most typically work in smallish firms with fewer than ten attorneys. These entities are most vulnerable to the competitive pressures that are hitting all attorneys today. One popular solution is to specialize in small, select areas of the law, like bankruptcy, customs or trademark, where the competition isn't quite so stiff and the expenses of a full-line law firm can be avoided. A less popular alternative is learning to live with less money.



Private practice	Private industry	Government	Judiciary	Other	Inactive or retired
68%	10%	10%	4%	4%	5%

Note: Percentages add up to 101 because of rounding off.
Source: American Bar Foundation

Res ipsa loquitur

You wouldn't film *The Paper Chase* at Brooklyn Law School. There is no campus, only one box-like, ten-story building with just 14 classrooms. Nearby are a six-lane highway, municipal offices and blocks of fast food restaurants.

But never mind. Like law schools everywhere, Brooklyn has become a high-profit, high-margin business. Brooklyn, what's more, is a pure play. It is 1 of only 13 ABA-accredited U.S. institutions in business solely to sell legal education.

A lecture hall at Brooklyn Law School

Brooklyn Law's income statement is revealing. The school spends roughly $7,200 a year to turn out a lawyer. That includes building maintenance, running the library and paying about 50 professors an average of $50,000 each. With annual tuition of only $6,600 for new full-time students, there's obviously a deficit. But state aid, miscellaneous fees and the $240,000 float on tuition payments make a big difference. Add up all this extra income and it comes to about $7.6 million, roughly break-even.

There's more. Last year Brooklyn Law School earned $930,000 on its $15 million endowment, tax-free of course. With no debt or mortgage to pay—and no cash-guzzling, affiliated medical or undergraduate school to subsidize—Brooklyn simply invested its profits and geared for a bigger fundraising drive next year. Year-end operating margins, counting endowment income: 13.4%.

As law schools go, Brooklyn's figures are high. Even mighty Harvard had margins of roughly 8.5% on law school revenues of about $22 million last year, not counting another $2 million in restricted gifts.

Law schools make money because they are in a high-volume business that requires minimal capital investment. All that's necessary are some lecture halls, teachers and administrators, and a library. Compare that with a medical school, which needs costly lab equipment.

Besides tuition, which now averages $6,200 annually per student at private institutions, law schools also lean heavily on alumni for contributions. Most private schools receive gifts that amount to nearly 5% of their total operating budgets.

Brooklyn Law, of course, is already a money machine. But its fundraising now brings in an amount equal to 2.8% of operating income. Imagine what could happen if the school effectively tapped its hidden reserves—13,000 grads scattered across the U.S., including such well-heeled potential donors as artists' representative Swifty Lazar and David Liederman, owner of David's Cookies.—**Jill Andresky**

Firms are getting tougher, too, with outside counsel. "Clients say, 'We've got this matter and we've got $200,000. Do it for $200,000 or we'll go elsewhere,' " says Magness.

Needless to say, this puts pressure on the concept of hourly fees. For generations it didn't really matter how much time it took lawyers to finish a job. Within certain limits, in fact, the more time the better. Now, explains one legal consultant, "It's becoming an era of getting paid by the job as opposed to charging an hourly wage."

In the economics of law, as in all other economics, leverage is the key to profits. The leverage in law firms stems largely from keeping as many low-level associates as possible hard at work. Why? A partner who charges $120 an hour can bill perhaps 30 hours per week. But if he can keep two low-paid associates busy, billing $75 an hour for 45 hours a week, he can share in their profits as well.

This structure sometimes pushes law firms to grow too rapidly for their own good. Take a firm with 10 associates and 5 partners. Suppose seven years later 1 partner has left and 6 associates are ready to become partners. Now the firm needs 20 associates to leverage the 10 partners. Otherwise, earnings will no longer support the partners in the style to which they are accustomed.

The choice: Either mushroom in size or see profits per partner shrink. That is why partnership decisions at big firms these days are unusually bloody. One associate at a large New York City law firm, for example, considers herself lucky that her firm is simply deferring its decisions on partnership from the customary seven years as associate to eight years or nine. Regardless of when it comes, however, the truth is painful: Firms are admitting far fewer partners today than they anticipated during the ambitious hiring sprees of the mid-Seventies.

What is happening in law is, in some ways, similar to what happened on Wall Street when the commission structure was deregulated and competition became frantic. Some survived by learning how to be efficient. Consider Milbank, Tweed, Hadley & McCloy, one of the 20 largest law firms in the country, which hired Ronald Cullis, former controller of Fluor, in 1980 to be its executive director. So far, he has cut some $4 million in operating costs and set up a long-range-planning committee. Partners have responded with few complaints.

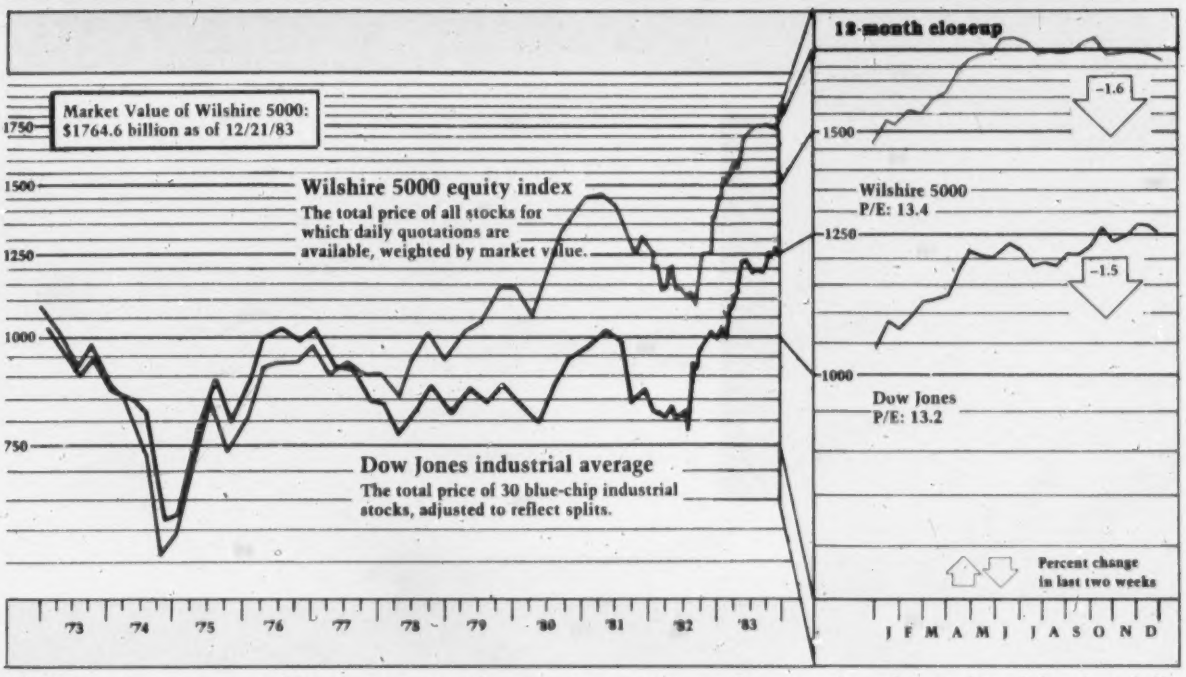
Other lawyers are taking a lead from Wall Street and doctors. They specialize, forming so-called boutique firms that deal only in bankruptcy or trademark issues. Presumably such arcane fields are less price-sensitive.

Since we have brought in the parallels with the Wall Street of a decade ago, it is only fair to point out that today's turmoil in the law will probably benefit a good many lawyers once the dust clears. The brokerage business emerged far more prosperous than before, but only after the disappearance of a good many fine, old firms, and with a good deal of blood on the floor. Giants like Merrill Lynch grew up, big outside companies like Sears and American Express moved in, and a handful of smart specialists and regionals thrived.

Similar forces could transform the legal business. Big insurers, of course, are already eyeing prepaid legal services. Aggressive legal clinics could become coast-to-coast mass marketers. And there will even be jobs for lawyers in the financial supermarket—regardless of whether American Express, Merrill Lynch or Sears owns the store.

It's the old story once again: survival of the fittest. ■

The Forbes/Wilshire 5000 Review


Market Value of Wilshire 5000: $1764.6 billion as of 12/21/83
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'73 '74 '75 '76 '77 '78 '79 '80 '81 '82 '83
12-month closeup
1500
1250
1000
Wilshire 5000 P/E: 13.4
Dow Jones P/E: 13.2
-1.6
-1.5
Percent change in last two weeks
J F M A M J J A S O N D

Playing in the snow. As cold and stormy weather swept across the nation, investors seemed to be having a good time throwing stock at one another. No one was hurt by all this fun, except for the market averages. Despite a couple of strong charges, the Dow industrials ended the most recent two-week period with a 1.5% loss. The NYSE and The Forbes 500 experienced similar setbacks. But Amex and NASDAQ issues gave up even more ground. They fell 1.9% and 2.3%, respectively.

The investor yardsticks below, however, show that high-volatility, high-P/E, high-growth and low-priced shares were clearly out of favor last month. This pattern emerges nearly every time the market slides downhill. Investors dump stocks in which they perceive high levels of risk in favor of safer investments. But electric utilities, one former haven, have recently been blemished by negative publicity about uncompleted nuclear reactors and uncertain interest rate projections.

Once again, the P/E on the Wilshire index declined. If fourth-quarter corporate earnings improve as expected, the multiple on the Wilshire will remain in the low teens only if stock prices rise. Many experts do anticipate a new year rally. But keep in mind that the market has an uncanny way of bucking the consensus.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-2.2	-2.5	-1.6	-2.0	-1.2	-3.2
in last 52 weeks	19.3	18.0	21.2	18.2	32.5	19.3

Stock performance based on five key investor yardsticks

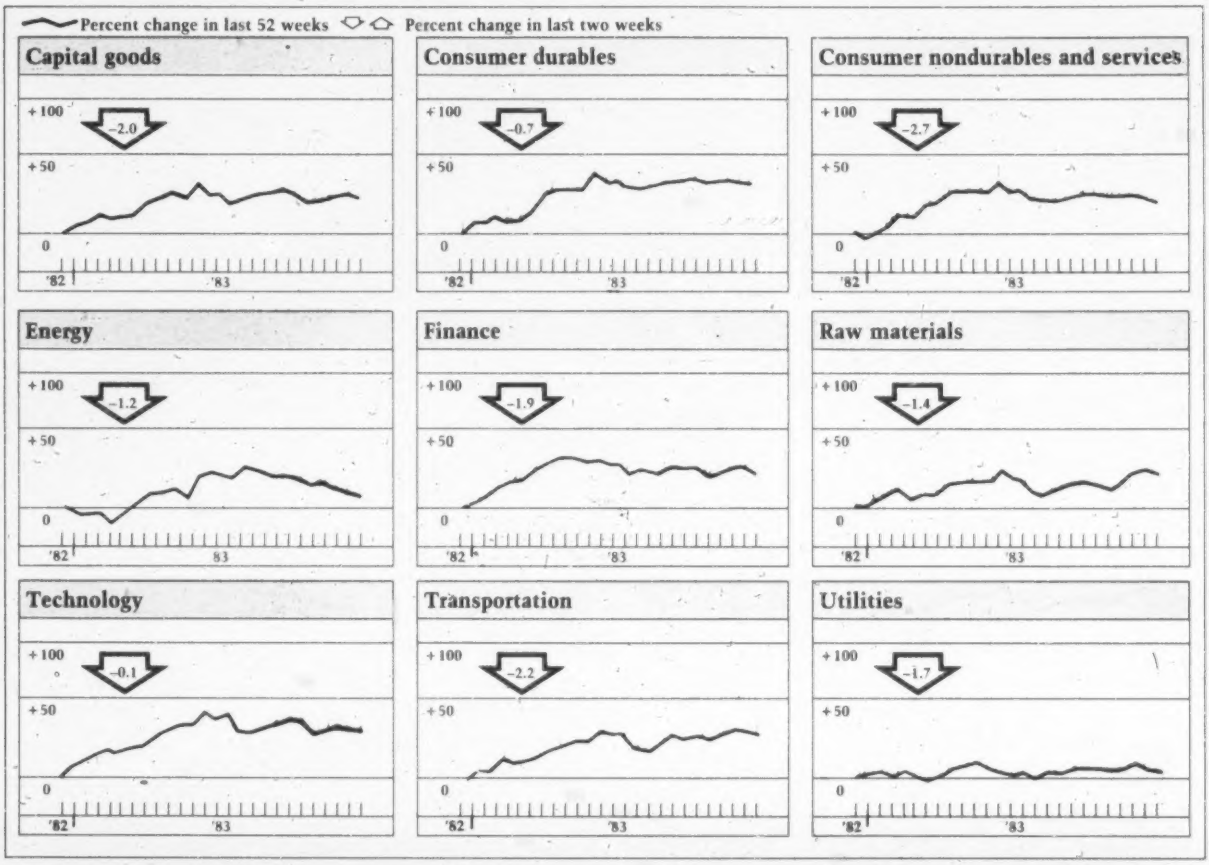
Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-2.2	-2.6	-3.9	-1.1	-3.6	-1.4	-1.1	-2.3	-5.2	-1.1	-0.9	-3.3
in last 52 weeks	20.8	67.0	53.3	30.6	33.9	65.5	29.3	60.0	56.8	30.7	31.2	55.1

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/21/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Cutting the ropes. As year-end approached, institutions dressed up their portfolios. Investors, meanwhile, took profits on some winners and bade farewell to many losers. But most of the pressure was on the selling side, which produced two-week losses for all nine sectors. In fact, most of December was bleak for every industry sector except raw materials. This was the only group to register a gain for the four-week period. Over the two-week stretch, consumer nondurables show the biggest loss, a 2.7% decline. Although this group led the way to the August 1982 rally, it has been on a faltering course during the last several months. In fact, on a 52-week basis, consumer durables, with a 13.7% gain, is the second-poorest performing group. Only the utility sector sports a weaker record.



What The Analysts Think

Something new. Zacks Investment Research and Wilshire Associates are now providing FORBES with consensus earnings estimates for Wilshire's nine sectors and the Forbes 500. Over the last two weeks, analysts have scaled up their estimates for capital goods, consumer durables and utilities while cutting estimates for the other six groups.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	2.54	13.3
1983 estimates	3.31	11.6
1984 estimates	4.39	8.6

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Capital Goods	$2.13	1.55%	-2.35%
2	Consumer durables	2.70	0.91	1.28
3	Utilities	3.36	0.05	0.17
4	Consumer nondurables	2.47	-0.26	-0.55
5	Raw materials	2.82	-0.72	-0.86
6	Finance	4.05	-1.42	-1.65
7	Energy	1.93	-1.67	-1.71
8	Transportation	2.63	-1.67	1.25
9	Technology	1.63	-1.68	-1.30

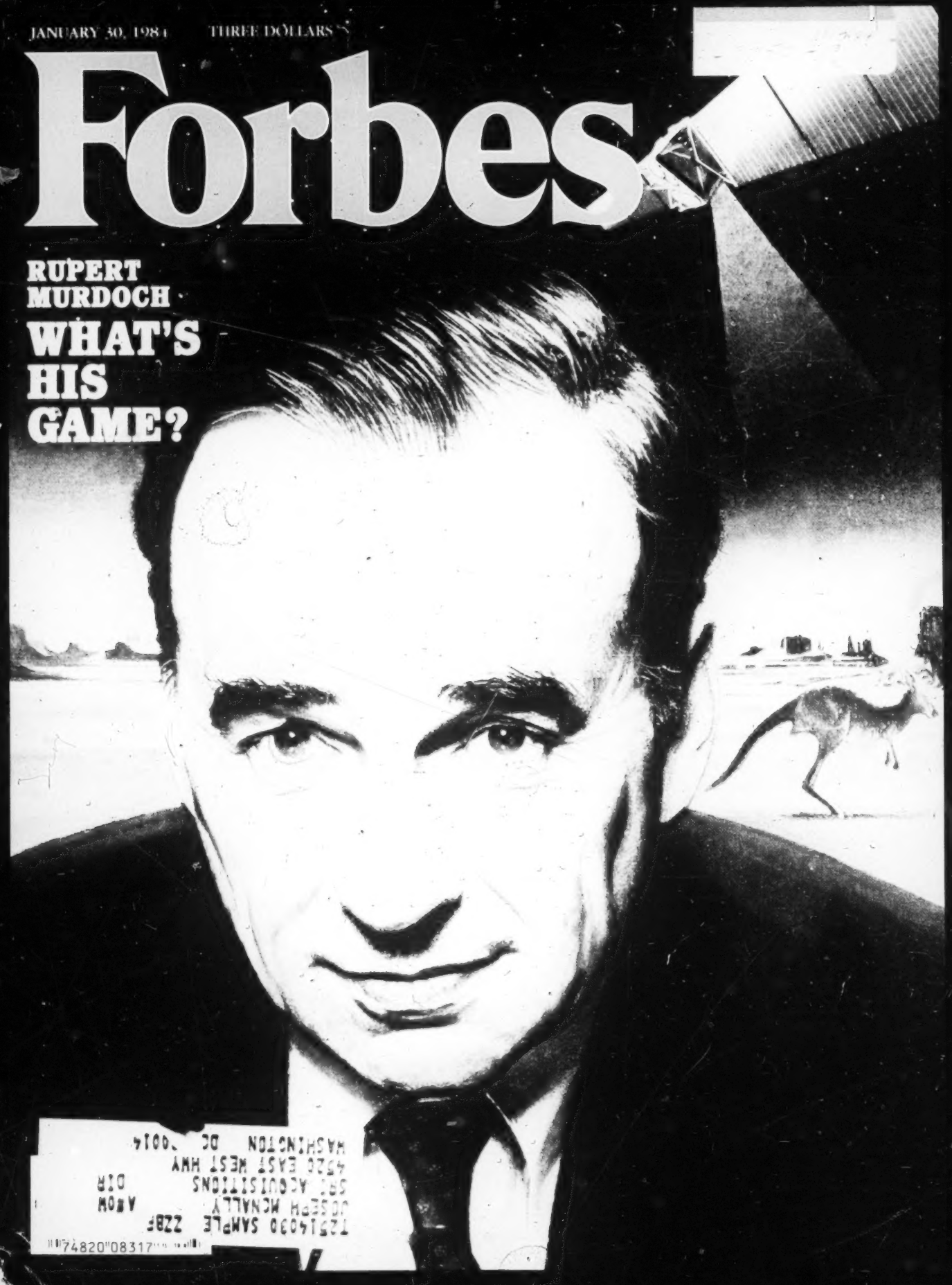
Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts.
These figures are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 12/21/83. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

JANUARY 30, 1984 THREE DOLLARS

Forbes

RUPERT MURDOCH
WHAT'S HIS GAME?



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Forbes

January 30, 1984
Volume 133,
Number 3

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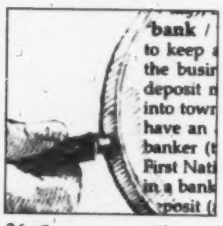

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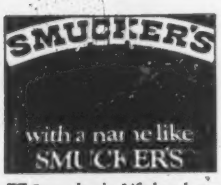

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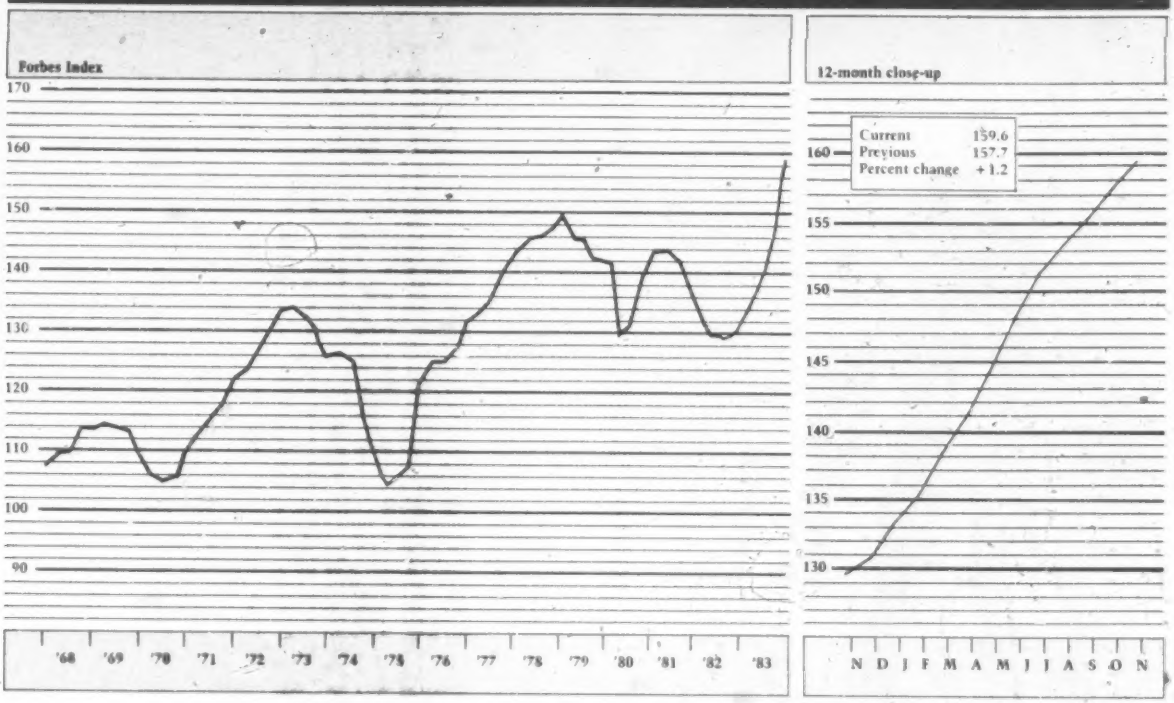
The Forbes Index

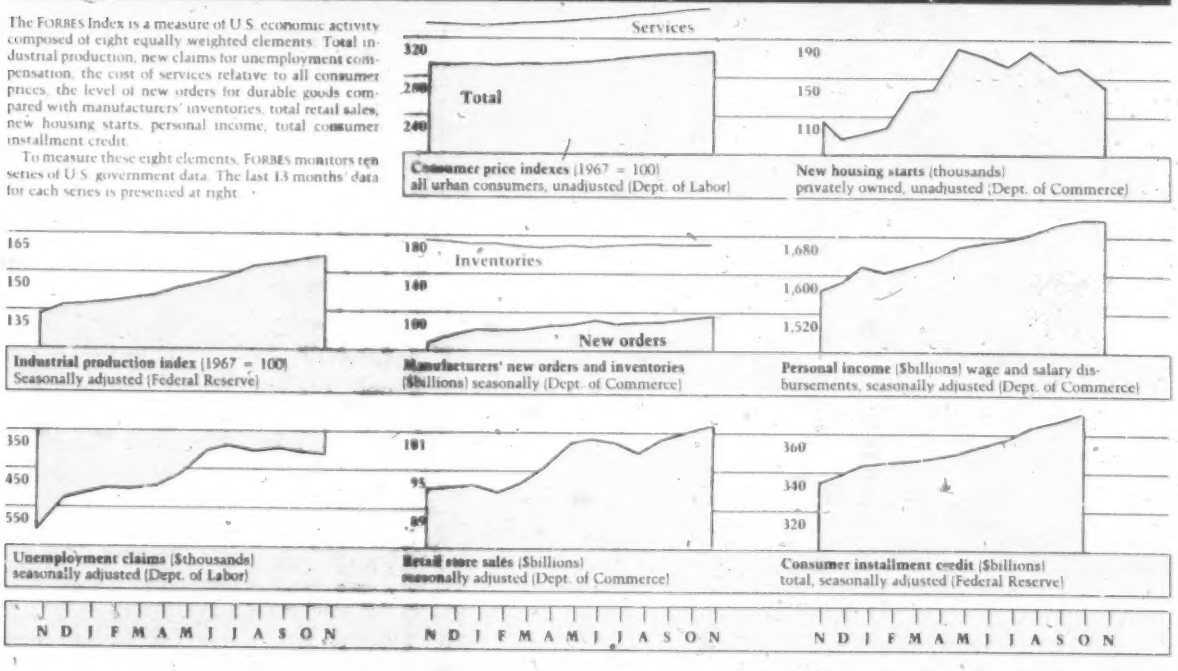


Every little bit helps. The Forbes Index, up 1.2%, is now some 23% higher than it was a year earlier. In the latest reporting period only one Index element was updated—the relationship between manufacturers' new orders and inventories. Even so, the three-month gain in orders relative to inventories is enough to boost the Index to a record high. And for the most recent month, new orders rose 3.6%, while inventories were up only 0.2%. Further evidence of how manufacturers have worked down their recession-bloated stockpiles can be seen by comparing these latest figures with those of one year ago. New orders are up nearly 37%, while inventories are down 4.6%.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



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Alone on a wide, wide sea

Sixties conglomerates were eager to sign up for sea duty, and several paid big bucks to buy into the shipping business. But now the nautical life has lost its allure.

A few companies—like Holiday Inns—have been able to find buyers for their maritime operations, but spinning the businesses off to shareholders is the latest trend. Some of these newly public firms, like American President Cos., are moving full steam ahead. But others, like Waterman Marine, face gloomier prospects. The biggest spinoff—R.J. Reynolds' jettisoning of $1.6 billion-a-year Sea-Land—may be approved early this year.

Some corporations have special reasons for leaving the business, but most are simply uncomfortable with the investment demands and unexciting returns. "The struggle for capital was really intense," says W.J. Amoss Jr., president of Lykes Bros. Steamship Co., which LTV sold to the Lykes family and management last year. Amoss says his company suffered in the competition with other LTV subsidiaries.

Transway spun off Waterman Marine, its U.S.-flag cargo carrier, because of potential legal problems. Waterman was profitable then, but no longer. It filed for bankruptcy in December. "We thank our lucky stars that those losses are not on our bottom line," says Transway Chairman John Wolcott.

The spinoff trend, however, may bring investor opportunity. For the first time in years, a few analysts are studying the shipping industry. "I feel like I did when I started to follow railroads five years ago," says Robert Long of First Boston. "Then that was a lousy industry, too, but here's American President Cos. with a better average return on equity and cash flow per share than Roadway Services, the premier trucking company." American President Cos. was spun off at 18¼, Long recommended it at 24 and it now sells for 30.—P.S.

A wave of spinoffs

This is the new fleet of shipping companies. But the biggest spinoff of all—R.J. Reynolds' $1.6 billion Sea-Land—may come this year.

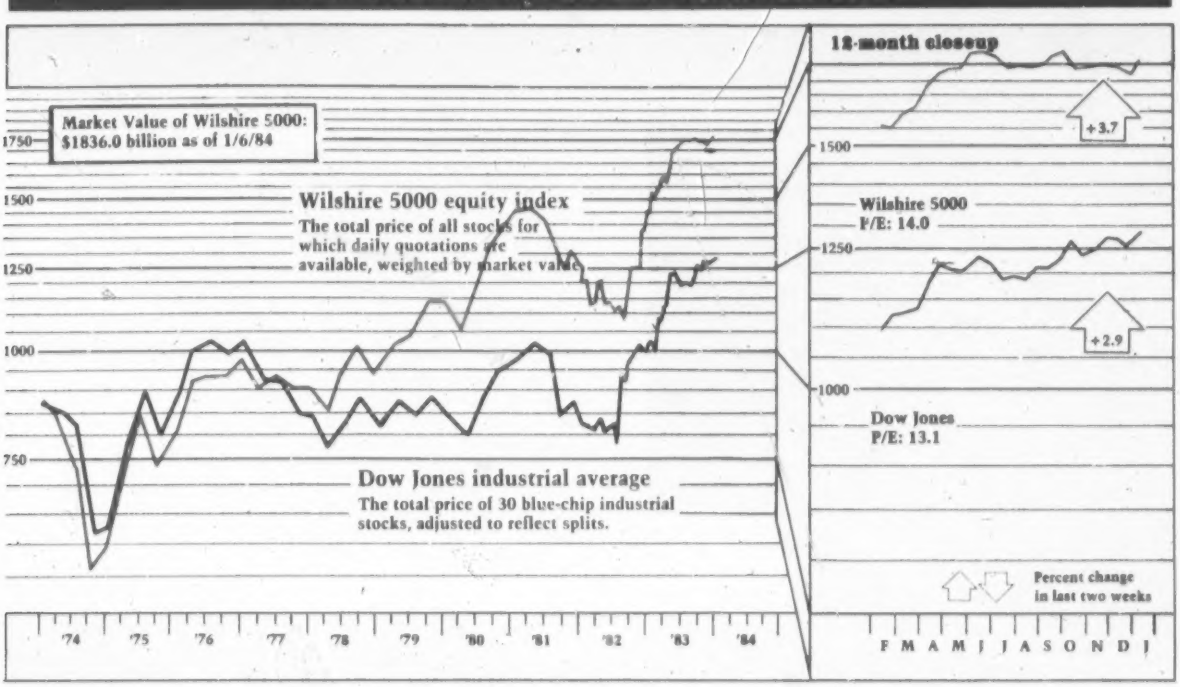
Spinoff *(parent)*	Year of spinoff	Sales* (000)	Net income* (000)	Recent stock price	Multiple
American President Cos *(Natomas)*	1983	$724,654	$11,784	30	27.5
Delta Steamship Lines[1] *(Holiday Inns)*	1982	NA	NA	NA	NA
Gotaas-Larsen *(IU International)*	1979	147,990	–87,701[4]	11⅛	def
International Shipholding *(Trans Union)*	1979	94,319	7,632	13½	3.4
Lykes Bros Steamship[2] *(LTV)*	1983	NA	NA	NA	NA
Marine Transport Lines *(GATX)*	1983	104,212	1,744	9	12.2
McLean Industries[3]	1983	805,425	39,138	10¾	11.6
Ogden Marine *(Ogden Corp)*	1984	183,960	3,980	4½	21.4
Waterman Marine *(Transway)*	1981	208,672	–32,516	5	def

*Latest 12 months. [1]Sold to Crowley Maritime. [2]Private company. [3]Went public August 1983. [4]Loss includes extraordinary $75.5 million reserve. def: deficit. NA: not applicable.

rally, is the energy business. But major problems loom in shipping. The container market faces a bout of overcapacity next year. Two aggressive competitors, Malcom McLean's U.S. Lines (FORBES, *Oct. 24, 1983*) and Evergreen Line of Taiwan, are due to launch new fleets. Their vessels come from foreign yards and cost far less than APC's U.S.-made ships, even with government subsidies.

Even in good times, Seaton's cash hoard won't build up as quickly. Without the shelter of Natomas' drilling operations, APC soon will have its first federal tax bill. Which means that Seaton will once again have to prove—this time to his new shareholders—that an oilman can command a shipping company just as well on the downside of the cyclical wave as on the rise. ■

The Forbes/Wilshire 5000 Review



Fad or fashion? The market started the new year in style, but it remains to be seen whether this bullish attire will stay in vogue. The early January rally can be explained, at least in part, by investors' snapping up issues that had been depressed by end-of-year tax-selling. One effect of the jump in stock prices is that the price-to-earnings multiple on the Wilshire index is up sharply, from 13.4 two weeks ago to 14 at present. Healthy increases in fourth-quarter earnings have already been discounted. But for the rally to be sustained, the market must be convinced that the economy and individual corporate finances can justify increasingly higher stock prices.

In the last two weeks the overall market, as measured by the broadly based Wilshire index, advanced 3.7%. In the current surge, growth stocks took a slight edge over blue chips. Look at the investor yardsticks below to see the relative strength of high-volatility, high-P/E and high-growth stocks. Enthusiasm for such shares pushed the NASDAQ ahead 4.1% and the Amex 3.6%. But the owners of more staid and conventional stocks have reason to smile, too: The Dow industrials were up 2.9%; the NYSE, 3.8%; and the Forbes 500, 3.7%.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.3	2.4	2.1	2.4	2.5	2.6
in last 52 weeks	17.7	16.6	19.6	16.8	25.7	20.7

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.7	3.7	4.8	0.9	5.1	3.6	1.3	3.7	5.1	1.2	2.5	3.5
in last 52 weeks	19.7	56.5	49.0	27.8	33.0	54.7	26.7	54.3	49.5	28.3	31.7	47.9

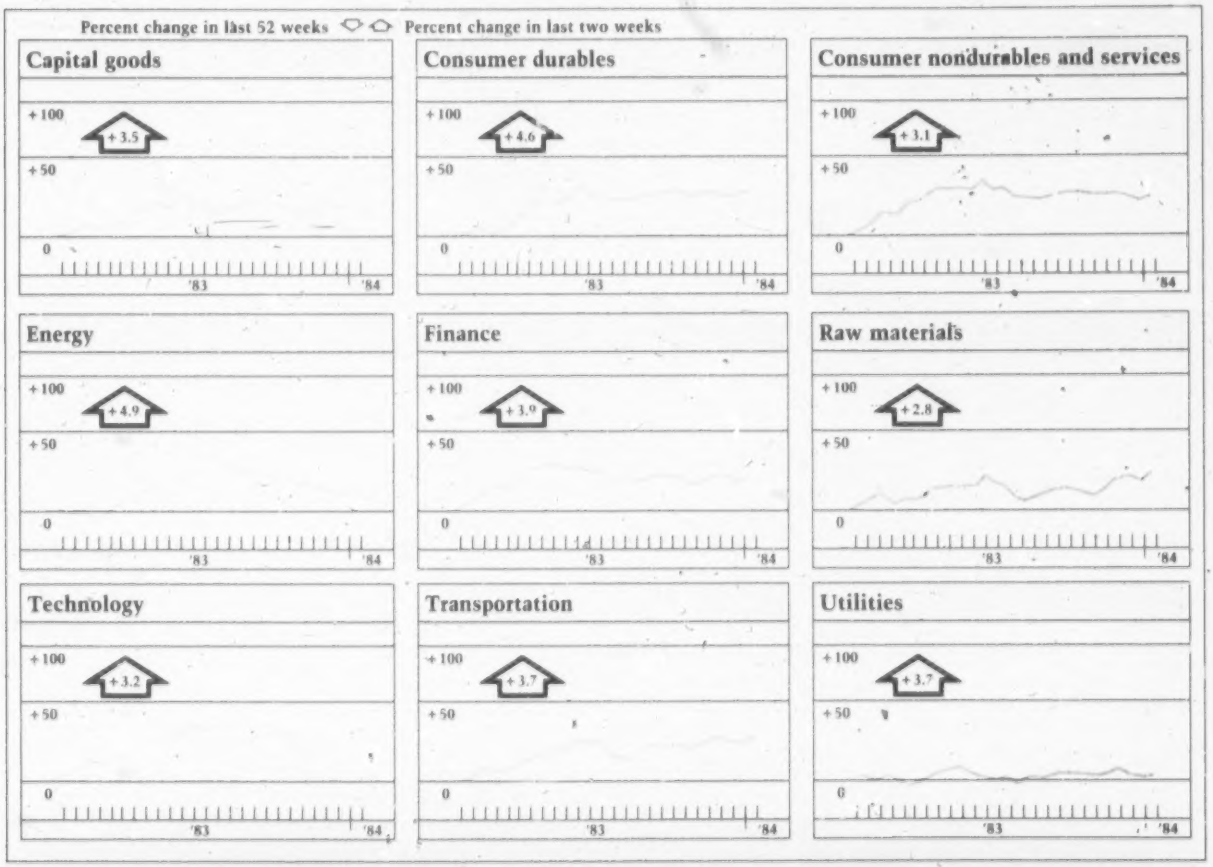
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

January thaw? The last time all nine sectors advanced over a two-week period was in November 1983. But one has to go back to late April to find the winning combination of most sectors showing sharp increases and every group posting gains. Over the last two weeks, energy, with a 4.9% jump, was the market's top performer. This rise, however, is probably attributable more to the Getty takeover battle than to an imminent oil patch turnaround.

A surge in auto stocks helped consumer durables to become the second-best performing group, with a 4.6% advance. Although brokerage stocks stumbled through the second half of last year, they recently regained some of their luster. The reason: Wall Street's early January volume, which helped propel the finance sector to a 3.9% gain.



What The Analysts Think

Black hole. Over the last two weeks analysts scaled back their 1984 earnings estimates on most sectors. But oil stocks were hit the hardest, with nearly a 7% downward revision. While the prospect of lower fuel costs may be good news for utilities and transportation companies, it is the opposite for the already suffering oils.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.53	13.1
1983 estimates	3.29	11.6
1984 estimates	4.37	8.6

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Utilities	$3.36	0.88%	0.53%
2	Transportation	2.61	0.27	3.32
3	Consumer nondurables	2.46	–0.92	–0.23
4	Capital goods	2.13	–1.36	–1.22
5	Finance	3.98	–1.39	–2.75
6	Raw materials	2.81	–1.52	–2.46
7	Consumer durables	2.63	–1.73	–0.91
8	Technology	1.62	–2.15	2.50
9	Energy	1.88	–6.81	–5.72

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts.
These figures are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 1/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Here are some unusual investments. They offer better-than-average yield and the potential of fat capital appreciation.

Convertibles are back in style

By Leslie Pittel

CONVERTIBLE PREFERRED STOCK used to be a Wall Street rarity. But not today. Look at the numbers: Forty-three new issues of convertible preferreds worth over $3 billion were sold last year. That is nearly 10 times the value of all 1982 offerings, according to Eli Tanenbaum of Lipper Analytical Services, a New York-based investment research firm.

Why the rush to sell convertible preferreds? Much of the new stock results from corporate mergers and acquisitions. Since the current takeover binge comes at the end of a recession, firms doing the acquiring usually aren't flush with cash. With interest rates high, there are good reasons to avoid borrowing, and balance sheets are often strained to the point where they can't accommodate any additional debt.

That's where convertible preferreds come in. Firms get needed cash at below bank rates. But to investors, the securities look enough like debt to be valued on the basis of yield. At the same time the shares offer the kicker of being able to benefit from a company's future earnings growth.

Like ordinary preferred stocks, convertibles have senior status over common shares in terms of dividend payments. They also usually offer a yield higher than that of common shares but below that of ordinary preferred.

On a daily trading basis, convertible preferreds behave a lot like common stock—with the downside protection of a relatively secure dividend. That's because of their exchange feature, which can be the source of considerable capital appreciation.

What's the best way to evaluate a convertible preferred investment? "First, you should really like the underlying common before even considering its convertible," says Mark Hunt, an analyst with Value Line's convertibles department.

With the appeal of the common in mind, search for three features in a convertible preferred. To begin with, compare the dividend of the convertible to the common and the ordinary preferred. Make sure the convertible's yield is higher than the common's.

Then look for the lowest conver-

Sporty shares for rain or shine

These convertible preferreds all offer higher yields than their underlying common. But they could rally just as smartly. And, if the common stocks falter, their preferreds' fixed dividends limit downside risk.

	Preferred			Common		EPS		Conversion		
Company	price	dividend	yield	price	yield	latest 12-month	1984 estimate	rate†	value‡	premium
AMR	40⅛	$2.12	5.3%	38½	0.3%	$2.41	$5.04	1.01	$38.89	3.2%
American Can*	42	3.00	7.1	48½	6.0	2.58	4.50	0.87	42.20	−0.5
Anheuser-Busch A*	49¼	3.60	7.2	64½	2.7	6.44	7.39	0.65	41.93	18.7
Armco	32⅝	2.10	6.4	21⅛	1.8	−12.39	2.35	1.27	27.46	18.8
Associated Dry Goods*	93	4.75	5.1	58	3.8	5.37	6.65	1.60	92.80	0.2
Barnett Banks Fla A*	42⅛	2.37	5.6	40½	3.0	4.44	5.25	1.04	42.12	1.2
Bell & Howell*	25⅛	0.60	2.4	25⅛	2.0	3.22	2.45	1.00	25.38	0.0
Bethlehem Steel	59⅜	5.00	8.4	29	2.1	−33.85	3.03	1.77	51.33	15.7
Bethlehem Steel	29⅜	2.50	8.5	29	2.1	−33.85	3.03	0.84	24.36	20.6
Boise Cascade	57	5.00	8.8	44⅛	4.3	1.75	4.22	1.10	49.09	16.1
Buckhorn	4¼	0.50	11.8	3⅜	0.6	−1.79	NA	1.14	4.13	2.8
Castle & Cooke	32	2.50	7.8	17¾	—	0.52	1.11	1.55	27.51	16.3
Champion Intl	56½	4.60	8.1	28⅞	1.4	0.98	3.25	1.67	48.22	17.2
Clevepak B*	19⅞	1.84	9.3	15½	3.9	0.47	NA	1.03	15.97	24.5
Cooper Inds*	37⅞	2.90	7.7	37	4.1	0.98	2.56	0.95	35.15	7.8

*Currently noncallable. † Number of common shares received upon conversion. ‡ Common stock price multiplied by conversion rate. NA: not available.

Sources: Lipper Analytical Services; Zacks Investment Survey, FORBES

Statistical Spotlight

sion premium. This is the difference between the market price of a share of convertible preferred and its conversion value. These values are usually expressed as a percentage. If, for example, a convertible trading at $125 can be swapped for four shares of common selling at $25 each, the conversion premium is 25%.

Finally, investors who want to minimize risk should buy securities with what is termed "call" protection. Without this, the issuer can redeem a security at any time at a fixed price. Most of the convertibles listed in this table have some call protection and, as the footnotes indicate, many are currently noncallable.

"The ideal convertible preferred should have a very high yield and a very low conversion premium," says John Calamos of Noddings, Calamos & Associates, a Chicago-based firm that specializes in convertibles. "While the owner is waiting for the stock to go up, he can at least benefit from a high current dividend." ■

Sporty shares for rain or shine

	Preferred			Common		EPS		Conversion		
Company	price	dividend	yield	price	yield	latest 12-month	1984 estimate	rate†	value‡	premium
Crown Zellerbach A	49¾	$4.63	9.3%	36⅞	2.7%	$–3.89	$3.82	1.06	$39.09	27.3%
Esmark B*	36½	2.80	7.3	44¾	2.3	3.66	4.26	0.71	31.77	21.2
First Interstate Bancorp*	29⅛	2.37	8.1	43	5.2	5.58	6.72	0.60	25.80	12.9
First Pennsylvania	27¼	2.62	9.6	7⅛	1.5	–1.14	NA	3.23	23.42	16.4
GAF	22⅛	1.20	5.4	17	0.3	–0.53	2.39	1.25	21.25	4.1
General Growth Prop	26¾	1.90	7.1	23½	2.6	0.42	0.90	1.00	23.50	13.8
Georgia-Pacific C*	30¾	2.24	7.3	25½	2.4	0.40	2.93	1.00	25.50	20.6
Harvey Hubbell C*	44	2.06	4.7	32¾	3.8	2.85	3.31	1.34	43.89	0.3
Household Intl C	47	2.50	5.3	32¼	5.3	3.50	4.15	1.50	48.38	–2.8
Household Intl D*	71½	6.25	8.7	32¼	5.3	3.50	4.15	1.92	61.92	15.5
Ingersoll-Rand	33½	2.35	7.0	52¼	5.0	–1.55	3.12	0.60	31.35	6.9
Integrated Resources*	32¾	3.03	9.3	27⅝	—	3.09	4.81	0.94	25.97	26.1
InterNorth*	140½	10.50	7.5	40	5.8	3.29	5.76	3.41	136.40	3.0
Jewel Cos*	33⅞	2.31	6.8	49	5.3	6.09	6.80	0.71	34.79	–2.6
Katy Inds B	73½	1.46	2.0	29	—	2.31	NA	2.58	74.82	–1.8
LTV B	30½	3.06	10.0	18¾	1.3	–6.19	2.56	1.30	24.38	25.1
Mattel	16¼	2.50	15.4	6⅛	1.3	–13.44	0.62	2.12	13.52	20.2
McDermott Intl	28⅛	2.20	7.8	27¼	1.7	2.44	2.95	1.00	27.25	3.2
National Intergroup*	76	5.00	6.6	37⅛	0.7	–5.42	4.86	1.87	69.89	8.7
PSA	18⅞	1.90	10.1	23⅛	2.6	–4.52	1.96	0.63	14.57	29.6
Penn Central*	100	5.27	5.3	39⅜	—	2.15	3.46	2.44	96.08	4.1
Pennwalt B	24	1.60	6.7	41½	5.3	2.20	4.28	0.58	24.07	–0.3
Pitney Bowes*	70	2.12	3.0	35⅝	2.6	2.62	3.42	2.00	71.25	–1.8
RCA*	29⅜	2.12	7.2	36¼	2.5	1.83	3.08	0.71	25.74	14.1
Republic Steel*	77	5.25	6.8	29	1.7	–13.20	2.64	2.61	75.69	1.7
RepublicBank A*	28½	2.12	7.4	31⅝	5.2	5.27	6.03	0.86	27.20	4.8
Signal Cos A	57	4.12	7.5	35	2.6	1.07	3.08	1.47	51.45	10.8
Talley Inds B	14½	1.00	6.9	11	2.3	0.87	1.15	1.05	11.55	25.5
Textron A	37	2.08	6.1	34	4.9	2.23	3.31	1.10	40.70	–16.5
Time Inc B*	88	1.57	1.8	61½	1.6**	2.56	4.38	1.44	88.56	–0.6
Trans World Airlines	21⅛	2.25	10.7	12¼	—	–1.22	1.03	1.50	18.38	15.0
Trans World Corp C*	42¼	2.66	6.3	40⅜	—	–0.44	3.44	1.00	40.38	4.6
UAL Inc B*	28⅜	2.40	8.5	39	0.6	4.65	4.53	0.59	23.01	23.3
Union Pacific*	114½	7.25	6.3	52⅛	3.5	3.27	4.85	2.00	104.25	9.8
US Steel*	154	12.75	8.3	32¼	3.1	–6.23	3.40	4.49	144.80	6.4
US Steel*	30½	2.25	7.4	32¼	3.1	–6.23	3.40	0.87	28.14	8.4
United Technologies*	33⅜	2.55	7.6	74¼	3.5	7.60	9.18	0.39	28.96	15.3
USLIFE	29⅜	2.25	7.7	29½	3.3	3.71	4.15	0.87	25.67	14.5
Weyerhaeuser	44½	2.80	6.3	35	3.7	1.07	3.28	1.21	42.35	5.1
Weyerhaeuser*	49⅞	4.50	9.0	35	3.7	1.07	3.28	1.11	38.85	28.4

*Currently noncallable. † Number of common shares received upon conversion. ‡ Common stock price multiplied by conversion rate.
** Prior to spinoff of Temple-Inland. NA: not available.
Sources: Lipper Analytical Services, Zacks Investment Survey, FORBES.

FEBRUARY 13, 1984 THREE DOLLARS

Forbes

UP & COMERS

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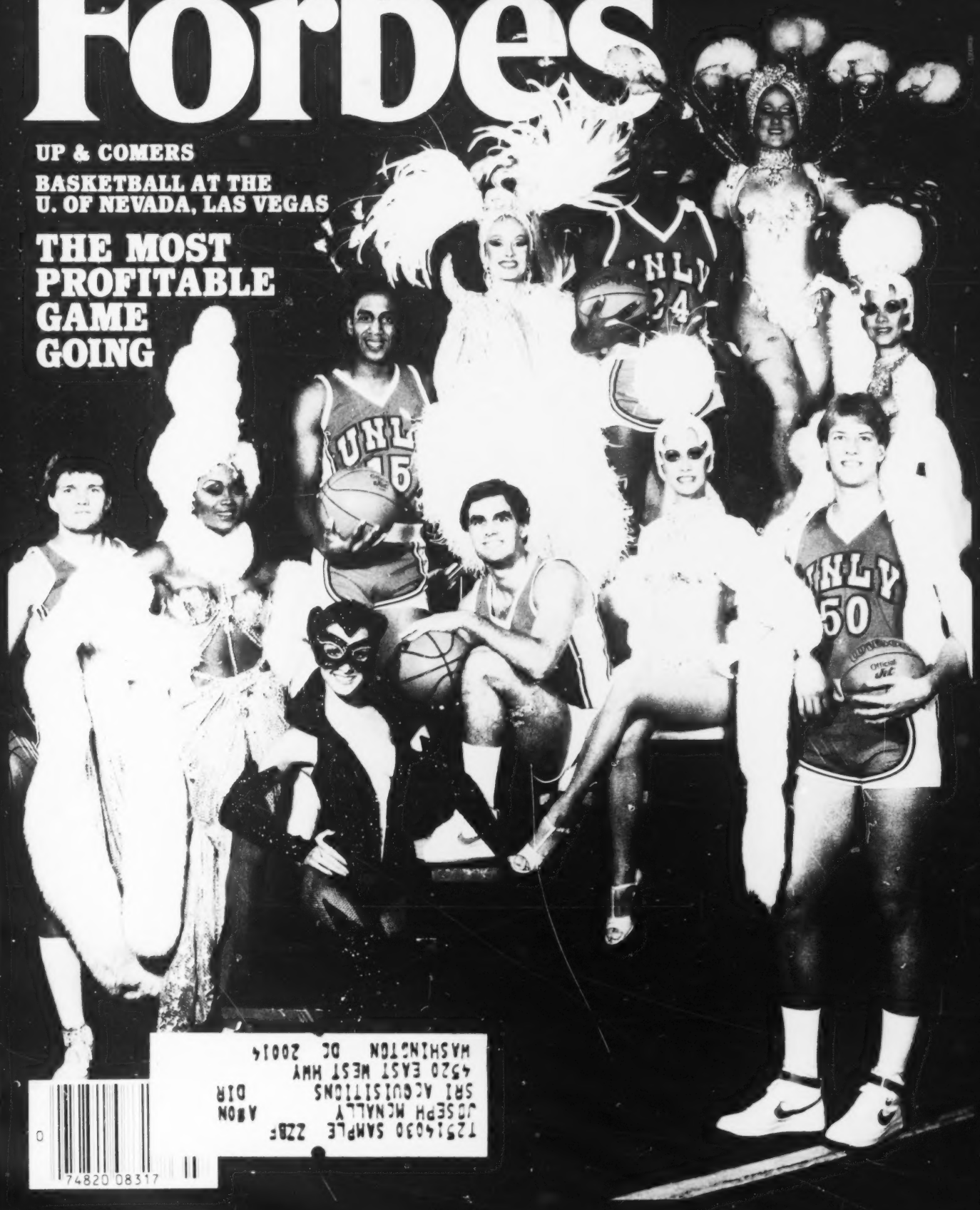

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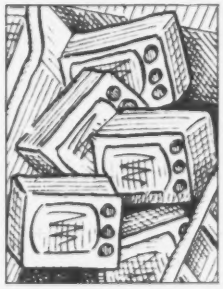

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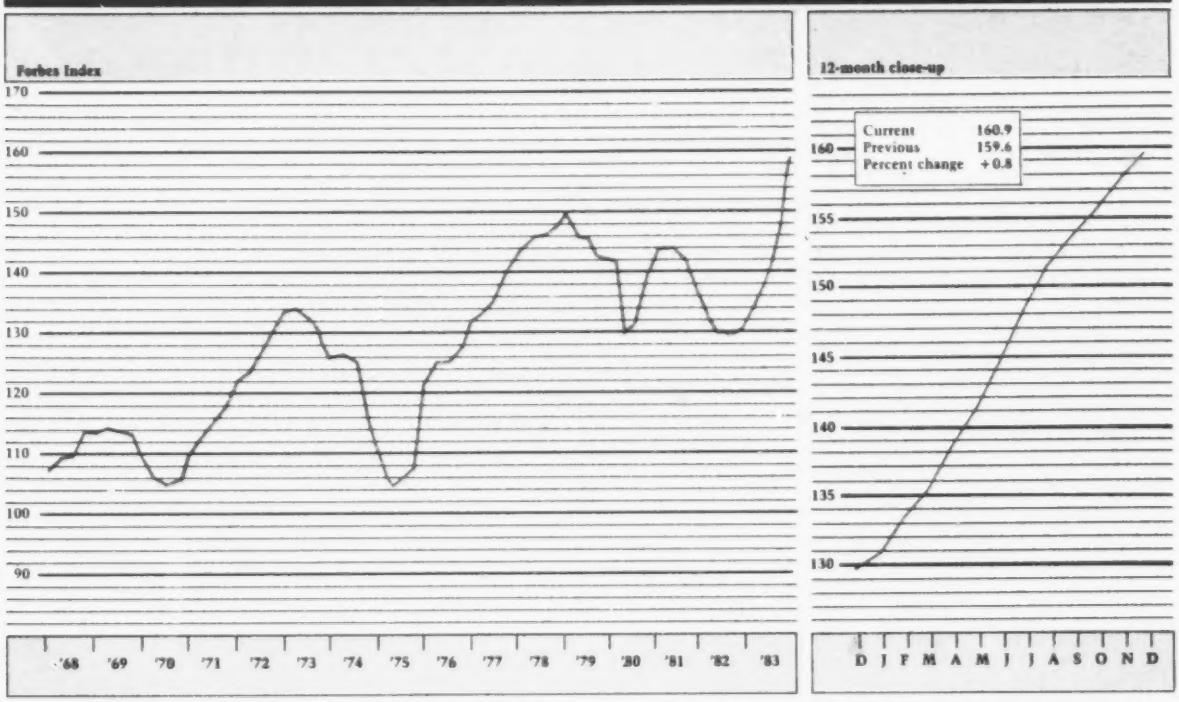
The Forbes Index



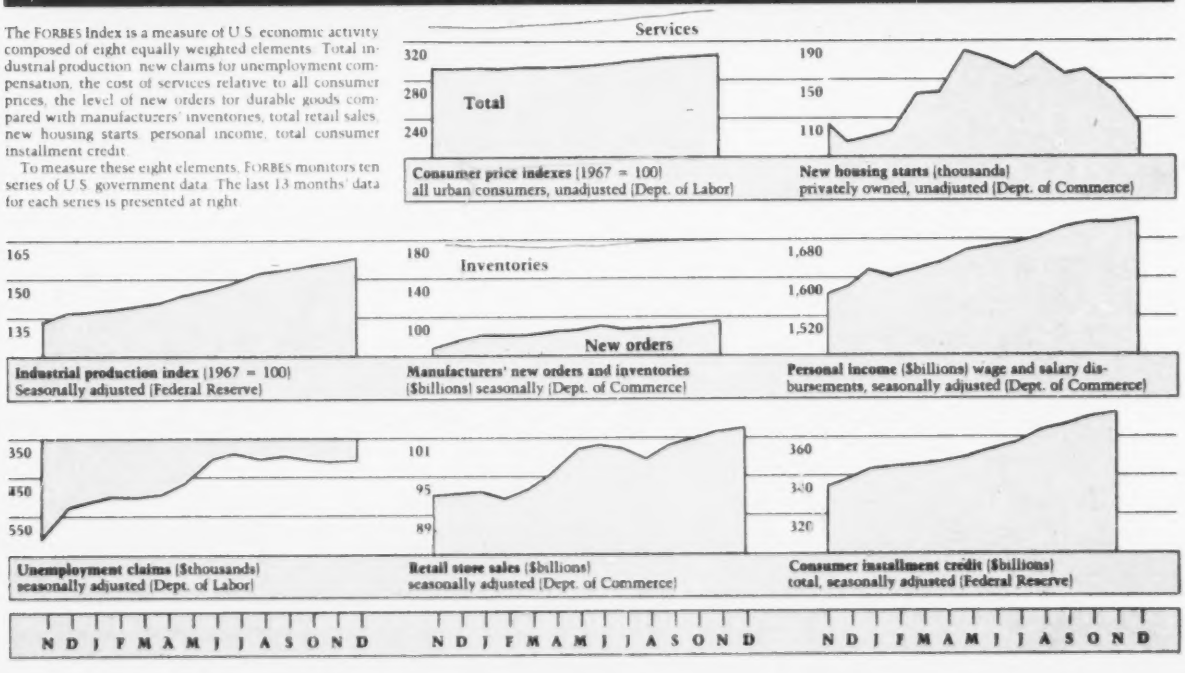
Slowing up. The Forbes Index registered a 0.8% gain in the latest reporting period, one of the smallest upward moves in recent months. Weakness in new housing starts and retail sales offset a drop in new unemployment claims and a rise in personal income.

The less-than-0.1% seasonally adjusted monthly gain in December retail sales was disappointing, despite the record cold and fewer holiday shopping days. Nevertheless, sales in December 1983 were 10.4% higher than in December of 1982. Snow and ice also contributed to a drop-off in new housing starts, down 21.5% from November on an unadjusted basis. Still, this figure is up 29.7% from the previous year. Consumer installment credit continues to rise and is up 11.3% from the same period last year.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Those two old foes, Ford and General Motors, are racing ahead in Europe. One has a tortoise, one has a hare, but don't bet against the hare.

Car wars

By Rosemary Brady

ON ONE SIDE of the autobahn put the most controversial car to skid into the European market in years: the Sierra, Rubenesque round and up-to-130-miles-per-hour fast. On the other side of the white line put a tiny box-on-wheels, the plodding Corsa, a.k.a. Nova in Britain. At a steady 56 miles per hour it gets 57 miles to the gallon.

What's strange is that the Corsa is from General Motors, king of the big car *(see story on GM's small-car trouble in the U.S., p. 82)*, while the racy Sierra is a Ford, the small-car champion in the U.S. Neither is built in the U.S. Thanks to Sierra, Ford is close to snatching sales leadership in Europe, for the first time, from Renault. But GM sales are jumping even faster than Ford's because of the Corsa, although GM won't catch up because it doesn't have the capacity or the profits to match Ford in the European race.

Edward Blanch, Ford-Europe chairman, and his Sierra
Selling alongside the BMW, where the money is.

Europe isn't like the U.S., with one dominant auto company and two more trailing far behind. Six companies—Renault, Ford, Fiat, VW, GM and Peugeot—are all bunched together at 11%-to-13% of the market, and there are strong smaller companies, like Volvo, Mercedes and BMW. There's no chance the big American companies will crush the others. Even if they lose money, as they have been, national companies like Renault, Fiat, British Leyland and even VW will always be protected by the home governments.

But European profits have saved Ford: $451 million in bleak 1982 and something less last year because of the strong dollar and price wars in Britain and Spain, where Ford and GM battle. Ford keeps chopping costs, too. Since 1980 Ford has halved inventory, dismissed a third of its suppliers, cut the work force by 20% and installed more than 700 robots. Even at old Dagenham, Ford's plant in England, which takes 40% more time to produce a Sierra than does the Belgian plant, the manager, Eric Munday, says as he watches robots attack the body of a small car, "I have a long way to go, but we've significantly reduced the amount of industrial disputes, and we're 8% more efficient." Still, Ford continues to move work from high-cost England. Last week it said it would close Dagenham's foundry, meaning 2,000 jobs will be lost there.

Trying to catch up to Ford and its big European profits, GM has invested $6 billion since 1978 to revamp its cars and plants in Europe, including a new, robot-filled Corsa factory in Spain. Vauxhall, GM's chronically weak British line, has more than halved its losses, to $57 million, in two years and, GM says, will run in the black in 1984. Opel, GM in Germany, is making money, too, after running in the red in 1980 and 1981.

The Sierra carries Ford-Europe toward higher profit margins. "We wanted to make a powerful statement that we build very technically modern cars, not the average car for the average driver," says Ford-Europe's chairman, Edward Blanch, an American and a Harvard M.B.A. That's not snob appeal. Fancier cars like the Sierra, which cost up to $15,000, should help distance Ford from the Japanese, who are pushing their low-cost models into European markets. The Japanese account for 10% of the total European market, but up to 40% in the nonautomaking countries, where they aren't held back by trade restrictions.

The Sierra's designer, Uwe Bahnsen, an artist-turned-rally driver-turned-Ford vice president, says his pricey car is winning over buyers of BMWs, Mercedes-Benzes and Volvos. It is adding to Ford's market share, not so much in conservative Britain, but about everywhere else: Austria, Norway, Sweden, Switzerland, Ireland, France and Germany. The next new Ford model, a larger Granada, will push in the same direction, aimed at buyers who will pay for speed.

At Russelsheim, GM's European headquarters, Ferdinard Beickler, Opel chairman and GM vice president for European cars, has no apologies for spurning high-performance jobs and staying with economy. "The growth we are experiencing now, in the area of 18% in 1982 and 23% in 1983, demonstrates it was the right decision." Thanks partly to the Corsa, he says, GM's market share in Britain jumped from 8.5% to 14.6% in just two years.

The Corsa, priced at about $5,500, may also do a power of good elsewhere. Produced at a rate of 75 an hour, 1,200 a day, at GM's plant in Zaragoza in northern Spain, the little car gives GM entry into the poorer Greek and Portuguese markets as well as Spain and Western Europe.

Managers hint they may consider expanding in a year or two, but whether they will have good reason

to do so remains to be seen. Margins on GM's small cars are paper thin, and hard competition from the other European companies in addition to the Japanese will keep up the pressure. Beickler bluntly acknowledges as much.

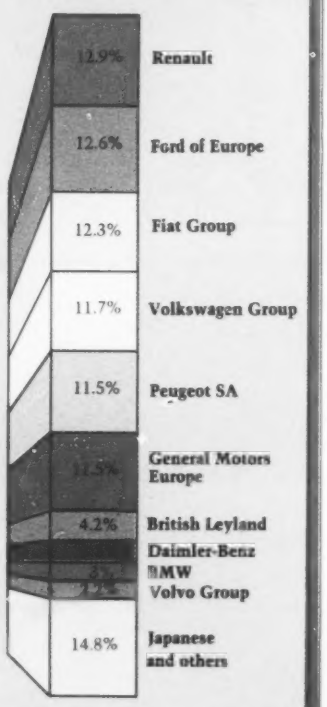
"The return we can create is not sufficient to support the investments we will make to upgrade our product and modernize our facilities," he says, "so we have to do everything in our power to improve profitability."

No question, it's a jungle out there. But it's good to hear that the home teams are finding their way.

Bunched together

GM's Corsa *(below)* put the U.S. company among the sales leaders in Europe, while Ford became a challenger for the number one spot.

1983 European car market (estimated percent share)



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The last half of 1983 was a wonderful time to be selling mutual funds. It was not such a wonderful time to be buying.

Valiant efforts

By Barbara Rudolph

IF YOU INVESTED in a mutual fund for the first time in the middle of last year, your decision may now seem exquisitely ill timed. Measured in terms of total return, the average mutual fund was down 3.2% for the last six months of 1983. Still, shareholders are getting something for their money: The broad-based Wilshire index was down 4.4% for the same period.

Of the 313 funds listed on the following pages—all stock and balanced funds rated in FORBES' annual mutual fund survey—127 posted gains in the period. Because of strong overseas markets, international funds did particularly well. The Japan Fund (included with other closed-end funds on p. 138), top ranked, enjoyed a 19.6% total return, while Scudder International was up 8.2%.

It was a tricky market, enough to throw some fund managers with impressive long-term records. For example, 20th Century Select, a growth fund that averaged a 24.7% average annual return for the 10½ years ended June 30, is off 7% since then. The portfolio was managed no differently, says Vice President Robert Puff, except that the fund's turnover was 57% for the fiscal year that ended Oct. 31, compared with its usual rate of over 100%. "The market just hasn't been cooperative," Puff explains.

Other top long-term performers stuck to their usual strategies and enjoyed better results. Mutual Shares, for example, is up 8.8% since the end of June. "We've been doing the same things for 30 years," says Vice President Michael Price, referring to his strategy of investing in bankrupt companies and special situations. Price's biggest gainers included Amstar, a target for leveraged buyout, and Norlin.

Short-term performance, of course, is only one indicator of a manager's abilities, and often not a particularly good one. Consider another fund that has performed well over the long haul—Vanguard's Explorer Fund, which focuses on emerging technology companies. Its total return for the last half of 1983 was –12.5%. The market decimated small stocks, says manager Frank Wisneski, "and I am not convinced there is anything I could have done differently."

That's why redemptions could become a problem for the industry. Many new shareholders are first-time investors, lured by aggressive advertising and performance records piled up during the recent bull market. "We have letters coming in from people who thought the market was a one-way street," says Twentieth Century's Puff. "There's a lot of educating going on, and some Nervous Nellies may end up back in money market funds."

For the moment, the statistics still look good. Redemptions ran about 35% of total sales last year. In 1982 that figure was close to 50%. But unless the industry's relative performance improves quickly, this ratio could rise fast.

Six-month performance rankings

While there were dramatic moments in the second half of 1983, the broad-based Wilshire index declined 4.4%. But mutual fund shareholders got something for their money. The average fund listed here was down only 3.2%.

Fund (type)	Six-month —total return— %	rank	Assets 12/30/83 (mil)
Acorn Fund (N)	–2.7%	172	$ 174.1
ADV Fund (N)	–5.9	213	33.0
Affiliated Fund (L)	6.8	11	2,076.7
Afuture Fund (N)	–14.8	292	34.6
Alpha Fund (L)	–5.4	208	22.7
AMCAP Fund (L)	–0.3	134	965.1
American Balanced Fund (L)	1.3	99	114.5
American Birthright Trust (L)	–11.2	264	155.7
American Capital Comstock Fund (L)	4.2%	41	$503.6
American Capital Enterpr Fund (L)	–6.2	218	613.1
American Capital Harbor Fund (L)	5.0	28	185.2
American Capital Pace Fund (L)	4.4	37	1,151.7
American Capital Venture (L)	–7.8	232	410.0
American Growth Fund (L)	0.5	117	58.0
American Investors Fund (N)	–19.5	305	116.9
American Leaders Fund (L)	6.0	17	49.0

(L) Load (N) No load

Sources: Computer Directions Advisors, Forbes

The Funds

Fund (type)	Six-month —total return— %	rank	Assets 12/30/83 (mil)
American Mutual Fund (L)	4.1%	43	$871.8
American Natl Growth Fund (L)	-10.6	259	100.9
American Natl Income Fund (L)	3.6	48	40.8
Armstrong Associates (N)	-11.2	267	11.4
Axe-Houghton Fund B (L)	-3.3	182	147.0
Axe-Houghton Stock Fund (L)	-13.5	283	150.8
David L Babson Growth Fund (N)	-2.7	172	231.0
Beacon Hill Mutual Fund (N)	0.1	124	2.6
BLC Growth Fund (L)	0.9	106	19.0
BLC Income Fund (L)	8.2	5	23.4
Boston Co Capital Apprec Fd (N)	1.3	99	238.1
Boston Foundation Fund (L)	5.1	24	28.5
Boston Mutual Fund (N)	-0.9	144	5.0
Bruce Fund (N)	-2.4	166	1.8
Bull & Bear Capital Gr Fund (N)	-8.8	245	76.1
Bull & Bear Equity-Inc Fund (N)	0.4	119	5.3
Bullock Fund (L)	-2.8	174	142.4
Canadian Fund (L)	2.9	65	26.0
The Cardinal Fund (L)	2.1	83	17.7
Centennial Growth Fund (L)	-23.5	312	22.0
Century Shares Trust (N)	5.0	28	74.4
Charter Fund (N)	-5.3	207	76.9
Chemical Fund (L)	-8.1	236	1,123.4
CIGNA Growth Fund (L)	-3.2	181	192.4
CIGNA Income Fund (L)	0.1	124	209.2
The Colonial Fund (L)	5.3	21	88.2
Colonial Growth Shares (L)	-4.4	194	67.5
Columbia Growth Fund (N)	-4.8	200	145.5
Commerce Income Shares (L)	-4.2	191	52.5
Commonwealth Fund Plan A&B (L)	0.6	116	9.9
Commonwealth Fund Plan C (L)	-0.6	141	36.6
Composite Bond & Stock Fund (N)	-2.0	160	27.1
Composite Fund (N)	-4.9	202	40.8
Concord Fund (N)	-2.5	169	1.8
The Constellation Growth Fd (N)	-20.0	306	125.7
Corp Leaders Trust Fd Ser B (L)	5.5	19	53.9
Country Capital Growth (L)	-5.4	208	57.3
Decatur Income Fund (L)	5.3	21	512.0
Delaware Fund (L)	-8.3	237	301.7
Delta Trend Fund (L)	-20.5	307	73.9
de Vegh Mutual Fund (N)	-9.0	247	62.0
Directors Capital (N)	-4.5	196	0.4
Dividend Shares (L)	1.8	88	276.5
Dodge & Cox Balanced Fund (N)	2.2	81	19.6
Dodge & Cox Stock Fund (N)	2.8	68	27.4
The Drexel Burnham Fund (N)	-1.8	158	75.3
The Dreyfus Fund (L)	4.6	33	1,860.6
Dreyfus Growth Opportunity (N)	-0.5	137	415.0
The Dreyfus Leverage Fund (L)	4.2%	41	$369.6
The Dreyfus Special Inc Fd (N)	4.1	43	85.7
Dreyfus Third Century Fund (N)	-2.6	171	131.1
Eagle Growth Shares (L)	-5.2	205	6.0
Eaton & Howard Bal Fund (L)	2.0	86	64.0
Eaton & Howard Stock (L)	2.1	83	70.6
Eaton Vance Growth Fund (L)	-1.5	151	63.7
Eaton Vance High Yield (L)	2.6	75	22.8
Eaton Vance Inc Fd of Boston (L)	1.3	99	37.5
Eaton Vance Investors Fund (L)	2.7	71	152.6
Eaton Vance Special Equities (L)	-6.3	221	47.7
Energy & Utility Shares (N)	2.3	78	9.0
Energy Fund (N)	0.9	106	359.0
The Evergreen Fund (N)	-4.3	192	221.8
Explorer Fund (N)	-12.5	276	260.4
Fairfield Fund (L)	-17.8	301	55.7
Farm Bureau Growth Fund (N)	-1.6	156	47.2
Fidelity Contrafund (N)	-1.6	156	86.2
Fidelity Destiny Fund (L)	0.2	122	540.4
Fidelity Equity-Inc Fund (L)	3.3	57	743.6
Fidelity Fund (N)	-0.5	137	668.9
Fidelity Magellan Fund (L)	-3.7	185	1,606.9
Fidelity Puritan Fund (N)	7.5	9	823.1
Fidelity Trend Fund (N)	1.0	104	639.9
Financial Dynamics Fund (N)	-11.3	267	82.4
Financial Industrial Fund (N)	-6.1	214	358.6
Financial Industrial Inc Fd (N)	2.8	68	219.1
First Investors Discovery (L)	-15.0	293	35.3
First Investors Fd for Growth (L)	-9.8	251	95.1
First Investors Natural Res (L)	-15.0	293	12.4
First Investors Option Fund (L)	0.4	119	117.2
The 44 Wall Street Fund (N)	-24.4	313	181.7
Founders Growth Fund (N)	-6.1	215	47.3
Founders Income Fund (N)	3.6	48	7.0
Founders Mutual Fund (N)	3.4	54	142.7
Founders Special Fund (N)	-15.4	295	94.5
Franklin Custodian-Dynatech (L)	-9.5	250	43.9
Franklin Custodian-Growth (L)	-4.0	188	18.8
Franklin Custodian-Income (L)	3.1	59	71.4
Franklin Custodian-Utilities (L)	7.7	8	26.6
Franklin Gold Fund (L)	-6.2	218	114.5
Franklin Option Fund (L)	-0.7	143	6.1
Fund of America (L)	3.0	63	137.7
Fund of the Southwest (L)	-7.7	231	8.0
Fundamental Investors (L)	3.6	48	408.0
General Securities (N)	-0.9	144	13.0
Growth Fund of America (L)	-0.5	137	445.1
Growth Industry Shares (N)	-11.3	267	63.5

(L) Load (N) No load

Sources: Computer Directions Advisors, Forbes

The Funds

Fund (type)	Six-month —total return— %	rank	Assets 12/30/83 (mil)
Guardian Mutual Fund (N)	1.4%	92	$309.3
The Guardian Park Ave Fd (L)	-1.8	158	51.1
Hamilton Funds (L)	-7.1	225	222.6
John Hancock Growth Fund (L)	-5.5	211	53.0
Hartwell Growth Fund (N)	-12.8	280	13.6
Hartwell Leverage Fund (N)	-23.1	311	55.1
IDS Growth Fund (L)	-18.2	304	630.9
IDS New Dimensions Fund (L)	-10.9	262	355.3
IDS Progressive Fund (L)	1.8	88	164.1
Income Fund of America (L)	4.8	31	283.3
International Investors (L)	-4.8	200	742.3
The Investment Co of Amer (L)	1.3	99	2,359.9
Investment Trust of Boston (L)	-8.3	237	61.3
Investors Mutual (L)	6.2	16	1,113.2
Investors Research Fund (L)	-16.5	298	36.7
Investors Stock Fund (L)	-1.1	147	1,439.4
Investors Variable Payment (L)	-8.4	240	381.8
ISI Growth Fund (L)	0.8	110	14.2
ISI Income Fund (L)	2.2	81	7.6
ISI Trust Fund (L)	3.4	54	105.2
Istel Fund (N)	-1.5	151	111.1
Ivest Fund (N)	-0.5	137	192.0
Ivy Fund (N)	6.8	11	114.4
Janus Fund (N)	-5.1	203	290.3
JP Growth Fund (L)	-3.8	187	18.3
Kemper Growth Fund (L)	-3.1	180	243.5
Kemper Summit Fund (L)	-7.4	230	152.8
Kemper Total Return Fund (L)	-5.4	208	237.2
Keystone Custodian Fnds K-1 (N)	0.5	117	67.5
Keystone Custodian Fnds K-2 (N)	-5.6	212	141.9
Keystone Custodian Fnds S-1 (N)	-4.5	196	72.3
Keystone Custodian Fnds S-3 (N)	-2.1	162	155.7
Keystone Custodian Fnds S-4 (N)	-16.3	297	610.3
Keystone International Fund (N)	-2.2	165	31.3
Lexington Growth Fund (N)	-14.2	288	35.2
Lexington Research Fund (N)	-0.6	141	111.7
Lindner Fund (N)	2.3	78	315.2
Loomis-Sayles Capital Dev (N)	-10.5	257	143.7
Loomis-Sayles Mutual Fund (N)	0.1	124	95.5
Lord Abbett Develop Growth (L)	-10.5	257	351.4
Lord Abbett Income Fund (L)	1.4	92	50.6
Magna Income Trust (L)	1.4	92	7.7
MagnaCap Fund (L)	4.1	43	9.4
Mairs & Power Growth Fund (N)	-5.7	213	18.9
Manhattan Fund (N)	0.3	121	75.5
Horace Mann Growth Fund (N)	-7.9	234	69.4
Mass Capital Development (L)	-4.4	194	612.7
Mass Finl Development (L)	-7.8	232	212.3
Massachusetts Fund (L)	-7.2%	227	$215.2
Mass Income Development (L)	3.5	52	208.6
Mass Investors Growth (L)	-6.6	222	925.2
Massachusetts Investors Trust (L)	0.9	106	1,124.5
Mathers Fund (N)	-3.0	177	217.2
Merrill Lynch Capital Fund (L)	4.0	47	273.5
MidAmerica High Growth Fund (L)	-2.1	162	14.2
MidAmerica Mutual Fund (L)	-0.1	131	31.7
WL Morgan Growth Fund (N)	-2.9	176	401.6
Mutual Benefit Fund (L)	0.1	124	10.5
Mutual Shares (N)	8.8	2	241.1
Mutual of Omaha Growth Fund (L)	-8.7	244	20.9
Mutual of Omaha Income Fund (L)	2.0	86	45.7
Naess & Thomas Special Fund (N)	-17.9	302	39.5
Nation-Wide Securities (L)	2.8	68	36.5
National Aviation & Technol (N)	-10.8	261	93.0
National Balanced Fund (L)	2.7	71	2.1
National Growth Fund (L)	-17.1	299	86.7
National Income Fund (L)	3.1	59	58.3
National Industries Fund (N)	-1.5	151	30.9
National Stock Fund (L)	-1.4	150	229.3
National Total Return Fund (L)	1.5	91	131.5
Nationwide Fund (L)	1.4	92	234.2
Nationwide Growth Fund (L)	1.4	92	50.7
NEL Equity Fund (L)	4.6	33	16.9
NEL Growth Fund (L)	-11.7	269	176.4
NEL Retirement Equity Fund (L)	-0.1	131	69.5
Neuwirth Fund (N)	-17.9	302	23.0
New Perspective Fund (L)	5.1	24	609.7
New York Venture Fund (L)	0.0	128	88.0
Newton Growth Fund (N)	-14.3	289	29.9
Newton Income Fund Portfolio (N)	2.7	71	6.5
Nicholas Fund (N)	-3.7	185	163.7
Nicholas Income Fund (N)	3.5	52	14.6
North Star Stock Fund (N)	0.8	110	49.5
Old Dominion Investors' Tr (L)	3.6	48	4.3
Omega Fund (N)	-9.2	249	28.6
The One Hundred & One Fund (N)	-3.6	184	1.3
The One Hundred Fund (N)	-20.8	308	12.2
The One William Street Fund (N)	-0.3	134	389.2
Oppenheimer AIM Fund (L)	-8.0	235	280.1
Oppenheimer Equity Income Fd (L)	-1.1	147	62.1
Oppenheimer Fund (L)	-7.2	227	302.8
Oppenheimer Special Fund (L)	5.1	24	625.7
Oppenheimer Time Fund (L)	-10.2	253	183.4
Over-The-Counter Securities (L)	-3.3	182	78.7
Paramount Mutual Fund (L)	5.4	20	101.2
Partners Fund (N)	2.9	65	148.1

(L) Load (N) No load

Source: Computer Directions Advisors, Forbes

The Funds

Fund (type)	Six-month —total return— %	rank	Assets 12/30/83 (mil)
Penn Square Mutual Fund (N)	4.4%	37	$182.2
Pennsylvania Mutual Fund (N)	1.6	90	115.0
Philadelphia Fund (L)	-2.1	162	115.0
Phoenix Convertible Fund Ser (L)	4.6	33	64.6
Pilgrim Fund (L)	-0.3	134	41.4
Pilot Fund (L)	-12.5	276	73.8
Pine Street Fund (N)	-1.5	151	45.9
Pioneer Fund (L)	1.3	99	1,352.4
Pioneer II (L)	2.1	83	1,140.0
Plitrend Fund (N)	-6.2	218	69.3
Precious Metals Holdings (N)	-7.3	229	63.0
T Rowe Price Growth Stock Fd (N)	-4.6	199	1,013.1
T Rowe Price New Era Fund (N)	1.4	92	485.0
T Rowe Price New Horizons Fd (N)	-13.7	285	1,355.0
PRO Fund (N)	-10.1	252	32.1
Provident Fund for Income (L)	4.4	37	111.5
Putnam Convertible Fund (L)	-2.8	174	41.7
The George Putnam Fd Boston (L)	0.0	128	328.8
The Putnam Growth Fund (L)	1.4	92	804.6
The Putnam Income Fund (L)	3.1	59	152.0
Putnam Intl Equities (L)	7.4	10	44.7
Putnam Investors Fund (L)	-8.3	237	975.7
Putnam Vista Fund (L)	-2.5	169	164.4
Putnam Voyager Fund (L)	-2.3	275	218.4
Qualified Dividend-Portfolio I (N)	8.7	3	52.7
Quasar Associates (N)	-11.2	264	47.1
Research Equity Fund (L)	-2.0	160	62.2
SAFECO Equity Fund (N)	-0.1	131	34.0
SAFECO Growth Fund (N)	2.3	78	65.8
SAFECO Income Fund (N)	6.5	15	21.1
St Paul Capital Fund (L)	-7.0	223	70.2
St Paul Growth Fund (L)	-12.2	272	76.0
Scudder Capital Growth Fund (N)	-3.0	177	233.7
Scudder Common Stock Fund (N)	-4.5	196	258.0
Scudder Development Fund (N)	-8.4	240	221.1
Scudder Income Fund (N)	2.6	75	110.2
Scudder International Fund (N)	8.2	5	133.5
Security Equity Fund (L)	-13.9	287	246.4
Security Investment Fund (L)	-12.1	271	114.4
Security Ultra Fund (L)	-14.6	290	90.4
Selected American Shares (N)	8.5	4	81.4
Selected Special Shares (N)	-1.3	149	36.6
Seligman Capital Fund (L)	-13.5	283	154.4
Seligman Common Stock Fund (L)	3.1	59	428.8
Seligman Growth Fund (L)	-8.4	240	717.9
Seligman Income Fund (L)	2.9	65	76.8
Sentinel Balanced Fund (L)	4.5	36	13.7
Sentinel Common Stock Fund (L)	5.1	24	318.9
Sentinel Growth Fund (L)	-8.6%	243	$41.2
Sentry Fund (L)	-13.1	281	30.3
Sequoia Fund (N)	10.9	1	350.7
Shearson Appreciation Fund (L)	0.7	113	116.7
Sherman, Dean Fund (N)	-21.9	309	4.3
Sierra Growth Fund (N)	-12.5	276	6.7
Sigma Capital Shares (L)	0.2	122	37.3
Sigma Investment Shares (L)	3.0	63	55.9
Sigma Special Fund (L)	-4.3	192	16.3
Sigma Trust Shares (L)	3.3	57	25.1
Sigma Venture Shares (L)	-11.0	263	55.0
Smith, Barney Equity Fund (N)	-4.1	190	65.7
Smith, Barney Income & Growth (L)	0.8	110	5.5
SoGen International Fund (L)	2.7	71	43.5[1]
Southwestern Investors Inc (N)	3.4	54	10.2
Sovereign Investors (L)	6.7	13	13.2
State Bond Common Stock Fd (L)	-7.1	225	33.1
State Bond Diversified Fund (L)	2.5	77	9.9
State Bond Progress Fund (L)	-13.1	281	7.7
State Street Investment (L)	-5.2	205	526.0[1]
Steadman Amer Industry Fund (N)	-14.7	291	11.9
Steadman Investment Fund (N)	-10.2	253	13.5
Steadman Oceanographic Fund (N)	-17.5	300	8.0
Stein Roe & Farnham Cap Opp (N)	-21.9	309	252.5
Stein Roe & Farnham Stock Fd (N)	-15.5	296	269.4
Stein Roe Total Return Fnd (N)	-3.0	177	93.0
Stratton Growth Fund (N)	-2.4	166	13.5
Surveyor Fund (L)	-12.0	270	100.8
Technology Fund (L)	-5.1	203	642.2
Templeton Growth Fund (L)	5.6	18	890.6
Transamerica Capital Fund (L)	0.7	113	43.3
Transatlantic Fund (N)	8.1	7	35.4
Travelers Equities Fund (L)	-1.5	151	49.3
Tudor Fund (N)	-12.2	272	91.4
20th Century Growth Invest (N)	-8.8	245	673.8
20th Century Select Invest (N)	-7.0	223	743.4
Unified Mutual Shares (N)	0.9	106	10.0
United Accumulative Fund (L)	-2.4	166	501.0
United Contl Income Fund (L)	1.0	104	48.9
United Income Fund (L)	4.9	30	550.7
United Intl Growth Fund (L)	6.7	13	86.9
United Science & Energy Fd (L)	-4.0	188	178.6
United Services Gold Shares (N)	-10.2	253	316.8
United Vanguard Fund (L)	-9.0	247	317.3
The Value Line Fund (N)	-13.7	285	203.3
The Value Line Income Fund (N)	-6.1	215	126.0
Value Line Levgd Growth Inv (N)	-10.4	256	216.1
Value Line Special Situations (N)	-12.6	279	337.9

[1]Assets as of 9/30/85 (L) Load (N) No load

Sources: Computer Directions Advisors, Forbes

The Funds

Fund (type)	Six-month —total return— %	rank	Assets 12/30/83 (mil)
Vance, Sanders Special Fund (L)	0.7%	113	$130.0
Vanguard Index Trust (N)	0.0	128	233.6
Variable Stock Fund (N)	−1.0	146	6.6
The Wall Street Fund (L)	−10.7	260	6.5
Washington Mutual Inv Fund (L)	4.3	40	559.3
Weingarten Equity Fund (N)	−12.2%	272	$117.4
Wellesley Income Fund (N)	4.7	32	105.4
Wellington Fund (N)	4.1	43	613.8
Windsor Fund (N)	5.2	23	1,727.1

(L) Load (N) No load

Sources: Computer Directions Advisors, Forbes

Even more valiant efforts

They're hardly heroes, but for the last half of 1983 portfolio managers at closed-end funds did a bit better than their counterparts at open-end funds. As a group, total returns for closed-ends are down 0.9%. This looks surprisingly good compared with the 3.2% drop for the equity and balanced funds that are rated in FORBES' annual mutual fund survey.

Such performance, of course, is small comfort to the average investor. He worries mostly about the price of closed-end shares. These were down an average of 2% for the period, not far out of line from the performance of the overall market.

There is one big winner in the group, however. The Japan Fund is the best performer of all funds for the period. Its total return and share price were both up over 19%. The reason is simple: The Tokyo Stock Exchange was up a hefty 23% last year.

The closed-ends had their big losers, too. Consider Cyprus Corp., which saw its market value drop by 33%. Run by Willard Rockwell, Cyprus should soon be an operating company, not a closed-end fund. Structural changes may also be afoot at Highland Capital, which is down over 33%. Rumors of possible liquidation may have contributed to its sharp rise last summer, says industry expert Thomas J. Herzfeld.

Closed-end funds typically trade at discounts from net asset value, and for the last six months these discounts narrowed, from 9.5% to 7.1%. This normally occurs in a rising market. But remember: The best time to buy closed-end funds is usually when discounts are widest.—**B.R.**

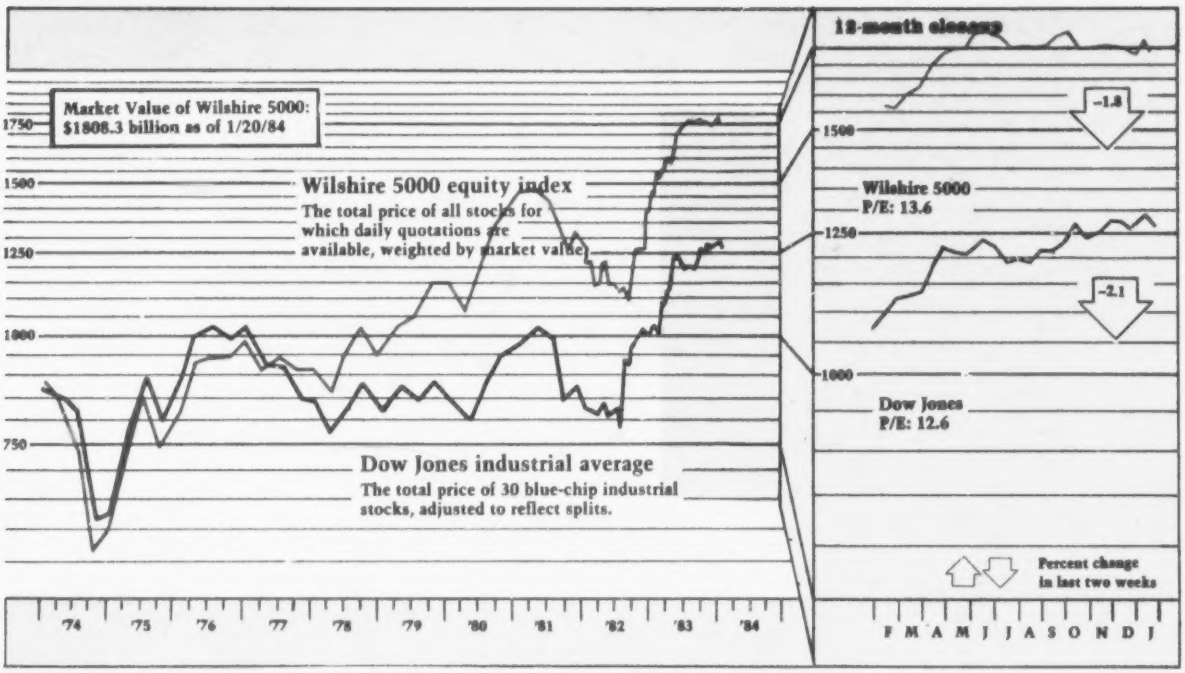
Six-month performance rankings for closed-end funds

Thanks to The Japan Fund's sterling performance, asset values of closed-end funds declined an average of only 0.9% in the second half of 1983. Share prices of these funds, however, were down 2.0%, on average.

Fund	Six-month —total return— %	rank	% premium —or discount— 6/30/83	12/30/83	Price 6/30/83	12/30/83	% change	rank	Assets 12/30/83 (mil)
The Adams Express Co	−0.3%	7	−13.2%	−7.2%	17	17⅞	5.1%	7	$370.0
American Capital Convert Secs	6.1	2	7.7	1.3	32½	31½	−3.1	13	81.0
ASA Limited	−6.2	17	1.2	−7.7	67¾	55½	−18.1	17	577.2
Baker, Fentress & Co	−4.8	15	−27.1	−18.5	32½	34	4.6	5	332.6
Bancroft Convertible Fund	−2.7	12	−9.6	−9.2	24⅝	23⅛	−5.1	14	46.0
Castle Convertible Fund	1.9	5	−4.2	1.5	36¾	31⅞	−13.0	16	31.4
Central Securities	0.5	6	−21.3	−10.7	13	14½	11.5	3	101.9
Claremont Capital	4.6	3	−23.0	−15.6	26⅛	30¼	14.7	2	43.0
Cyprus Corp	−3.0	13	NM	NM	3¼	2½	−33.3	19	29.7
General American Investors	−6.3	18	−4.2	1.0	21⅞	21¾	−1.1	11	262.8
Highland Capital Corp	−14.7*	19	28.4	0.6	20	13⅜	−33.1	18	13.5
The Japan Fund	19.6	1	−5.2	−4.7	11⅛	13¼	19.1	1	282.7
The Lehman Corp	−0.8	8	−10.5	2.1	16¼	18⅛	11.2	4	776.1
Niagara Share	−1.7	11	−4.7	4.4	19¼	20¼	5.1	8	179.0
Petroleum & Resources Corp	−1.5	10	0.3	−5.5	31½	28⅞	−8.3	15	260.4
Source Capital	2.2	4	−9.6	−5.8	30¼	30¾	1.7	9	251.3
Spectra Fund	−5.2	16	−54.1	−44.0	10½	10½	0.0	10	4.8
Tri-Continental Corp	−3.7	14	−15.5	−4.7	27¾	29⅝	6.3	6	1,019.2
US & Foreign Securities	−0.8	9	6.0	−4.2	26⅛	25¼	−1.4	12	186.2

NM: Not meaningful. *Total return through November 1983

The Forbes/Wilshire 5000 Review



Caught in a storm. After a promising start in the year's first few days, the market seems to have lost its way. Even the slightest bit of bad news sent investors scurrying to their brokers with sell orders. The blue chip Dow Jones industrial average, which fell 2.1% over the latest two weeks, was hardest hit.

The weakness of IBM, one of the 30 Dow stocks, had a major effect—both absolutely and psychologically—on this indicator. During the last ten trading days, Big Blue dropped 6½ points, or 5.5%. Expresssed another way, the market value of IBM fell almost $4 billion. The Wilshire index, which measures almost 5,000 stocks, declined 1.8% and lost some $33 billion in value in the same period. Thus the fall of IBM accounts for roughly 12% of the overall market loss.

Secondary issues, meanwhile, fared a bit better than their blue chip brethren. For the most recent two weeks, the NASDAQ is off some 1.2%, and Amex stocks show only a 0.4% decline. The Amex also outperformed the other groups during the last month. While the NYSE was up 2.1%, Amex issues were ahead by 3.1%. NASDAQ shares were in the middle, with a 2.8% advance.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.8	1.9	0.7	2.1	3.1	2.8
in last 52 weeks	16.0	15.6	19.6	15.6	24.0	16.6

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.6	7.5	8.7	3.3	4.6	7.8	2.9	6.4	10.4	2.9	1.8	8.8
in last 52 weeks	18.0	51.3	43.9	25.3	25.1	52.2	24.8	48.6	41.5	26.7	30.3	43.3

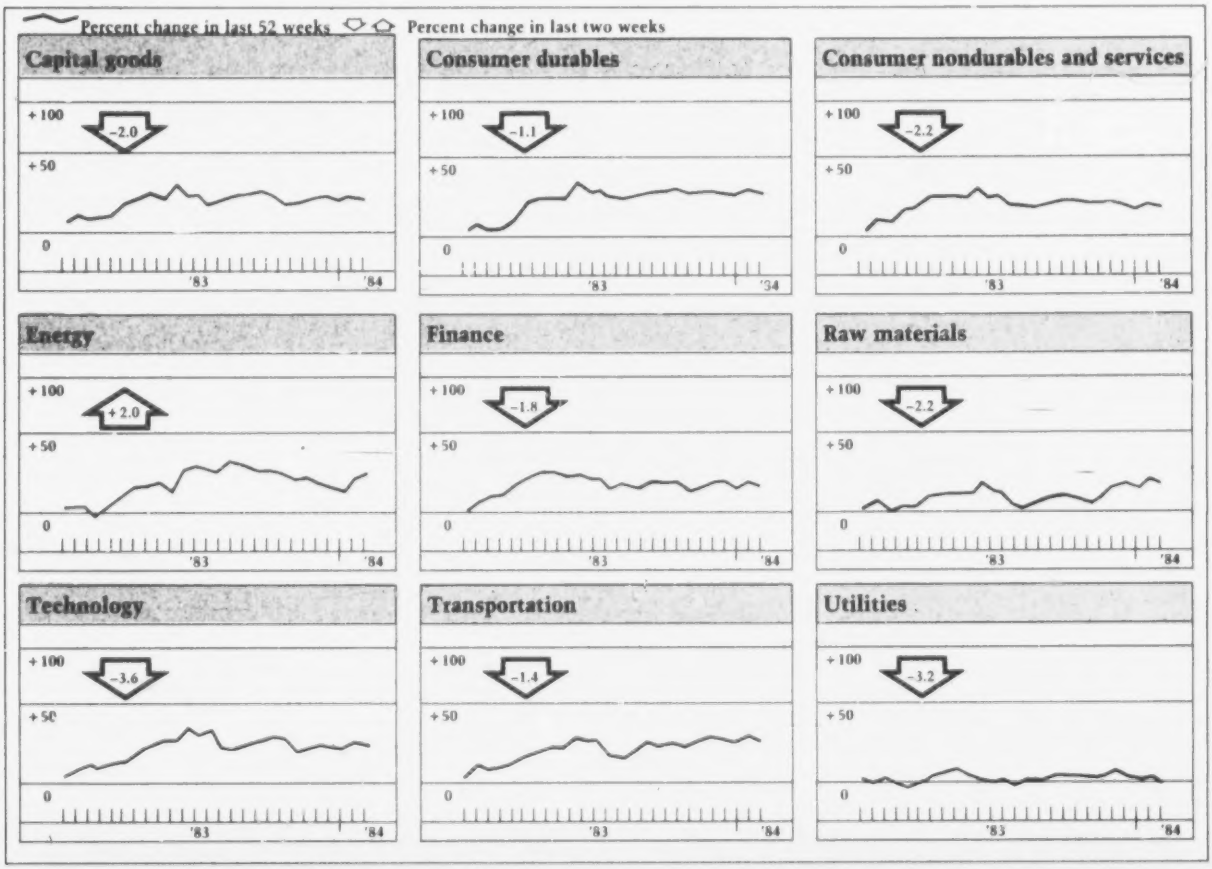
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/20/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Filling up the tank. Energy was the only sector to buck the declining market during the most recent two-week stretch. Despite weakness in the smaller oil stocks and the oil service sector, the takeover battle for Getty and its large reserves helped these companies ring up gains of 2% for the last two weeks and 6.9% for the last month.

IBM's poor performance, meanwhile, took its toll on technology issues. This group suffered the sharpest two-week drop of all nine sectors—3.6%. Close behind in the loss column were the utilities, with a 3.2% decline. Investors were responding to the cancelation of two nearly completed nuclear power plant projects and the prospect that other electric utilities might be forced to take similar actions.



What The Analysts Think

Good and cheap. Here for the first time are 1985 earnings estimates for the Forbes 500s. According to the experts, average per-share profits should more than double, from $2.55 over the latest 12 months, to $5.40 in 1985. This means, of course, that the 500s are currently selling at a little more than 7 times next year's earnings.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.55	13.3
1984 estimates	4.35	8.7
1985 estimates	5.40	7.1

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Energy	$1.95	3.43%	-9.89%
2	Transportation	2.60	2.51	6.89
3	Finance	3.98	0.38	-0.97
4	Utilities	3.18	0.27	1.46
5	Consumer durables	2.68	-0.26	-1.99
6	Technology	1.60	-0.83	-2.99
7	Consumer nondurables	2.46	-0.84	-1.64
8	Raw materials	2.79	-0.95	2.47
9	Capital goods	2.06	-1.81	-3.33

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts.
These figures are compiled and updated weekly by Zacks Investment Research, a Chicago based quantitative consulting firm.

Note: All data for periods ending 1/20/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Natural gas distribution companies are on everyone's back burner. These days perhaps they shouldn't be.

Flickers of excitement?

By Leslie Pittel

MENTION UTILITIES and most investors yawn. Mention natural gas distribution companies and chances are they'll fall asleep.

Lately, however, lucky shareholders in some of these normally low-profile companies have enjoyed fat gains. To begin with, the gas shortages of the Seventies spawned overproduction in the Eighties. That means the fundamental growth prospects of local distribution companies are brighter now than they have been in years. What with the nuclear troubles of electric utilities, meanwhile, the supply security of the gas business seems downright alluring.

But this isn't the whole story. There are fewer than 100 actively traded natural gas distributors, and there have been at least a half-dozen takeover attempts in the industry during the past year. As a result, many companies are building their defenses, pressing shareholders to approve so-called shark repellent measures.

Two examples: Equitable Gas, which operates in western Pennsylvania, recently held a special shareholders' meeting to approve staggered voting for directors and supermajority voting provisions. Indiana Gas also recently enacted staggered-voting amendments and tightened other takeover defenses. "All this was really unheard of in the utility industry," says John Kean, president of NUI Corp., a New Jersey-based gas utility currently bidding to acquire a neighboring company.

A rough-and-tumble battle in the Midwest last summer is at the root of all the worrying. Shareholders in Gas Service Co., which operates in Missouri, Kansas, Oklahoma and Nebraska, had watched the company's stock price hover near $11 for the last two years. But in June neighboring Missouri Public Service tried to acquire the company. After a third offer, of $14, Gas Service shares rose smartly. But then its board voted against a merger.

Enter Kansas Power & Light, a com-

Flames that could attract buyers

Gas distribution companies have never been the most exciting stocks. But changing market conditions may make some of these companies possible takeover targets. Meanwhile, most of the 37 natural gas utilities in this table offer the investor secure and attractive yields.

Company	Location	Recent price	Book value	Latest 12-months EPS	5-year earnings growth rate	Dividend	Yield	Revenues (mil)	S&P's rating
Alagasco	Ala	22¼	$26.88	$3.16	12%	$1.76	7.9%	$395.0	B+
Bay State Gas	Mass	20⅞	28.60	1.16	–6	2.48	11.9	312.1	B+
Brooklyn Union Gas	NY	30⅞	29.12	4.52	11	3.00	9.7	939.0	A
Cascade Natural Gas	Wash, Ore	10	11.47	0.37	–6	1.12	11.2	192.8	B
Chesapeake Utilities	Del, Md	31½	24.95	4.56	30	2.60	8.3	45.9	A–
City Gas Co of Florida	Fla	17¾	24.57	2.31	1	1.20	6.9	43.4	A–
Connecticut Energy	Conn	26¼	28.92	4.06	2	2.80	10.7	162.8	A–
Connecticut Natural Gas	Conn	20¾	18.64	1.80	2	2.40	11.6	187.0	A–
Diversified Energies	Minn, ND, SD	30¾	29.97	4.49	7	2.40	7.8	692.6	A–
Equitable Gas	Pa, WVa	32	18.61	3.26	20	1.36	4.3	417.9	A
Indiana Gas	Ind	34½	34.32	4.63	–4	3.28	9.5	416.1	A–
Intermountain Gas Inds	Idaho	16¼	18.48	3.17	51	1.52	9.4	139.9	B+
KN Energy	Kans, Nebr, Colo, Wyo	24¾	18.27	3.47	10	1.48	6.0	488.3	B+
Laclede Gas	Mo	31⅛	32.68	3.85	3	3.00	9.5	650.8	B+
Louisiana General Services	La	11¾	9.36	0.59	–2	0.50	4.4	204.3	A

Sources: Media General Financial Services Inc. by Business Information Systems, Forbes

Statistical Spotlight

bination utility that sells both electricity and gas. It made a $16 "white knight" bid for Gas Service shares, which the board quickly accepted. "The deal came together in just a few days," says Hal Hudson, a KPL spokesman. "In the end the battle wasn't bloody." Shades of Bendix, Martin Marietta and Allied Chemical, at least so far as the natural gas industry is concerned.

What made Gas Service so attractive? Like many takeover candidates, GS was in the middle of a difficult period. Earnings had declined for two years, and its bond rating had been cut. Now KPL hopes that new management and added financial support will lead to a turnaround. The utility's borrowing power has already improved, which lowers interest costs.

In New Jersey, meanwhile, another natural gas brouhaha is under way. NUI and South Jersey Industries, owner of South Jersey Gas, are both bidding to acquire New Jersey Resources. The target company, which owns New Jersey Natural Gas, has already rejected several offers. And its shares have zipped from $17 in August to a recent high of over $28.

Gas distribution companies, of course, aren't on everyone's corporate shopping list. As analysts are quick to point out, regulatory problems make it unlikely that an industrial company will acquire a gas utility. "What you might see happening, on a case-by-case basis, is one utility in a contiguous area buying another utility," says Daniel Tulis of Shearson/American Express.

Both KPL and NUI's takeover plans, for example, essentially involve geographical expansion and hopes for better profits through greater efficiency. But the gas distributors could be attractive for another reason, too. "The businesses have fairly substantial cash flow, and they are usually mature, so there isn't so much in terms of capital requirements," says Shearson's Tulis. That's why electric utilities are among the more likely potential purchasers: They appreciate the value of regular cash flow, and they know how to deal with regulators.

Investors typically buy utilities for the dividends they offer. On that basis gas distributors, with an average yield of 7%, are currently far less attractive than electric companies, which yield an average of 10%. Still, you get what you pay for. Many electric utilities are trading at depressed levels, especially those troubled with costly new generating plants. This brings lots of risk, as shareholders in Public Service of Indiana found out last month when it stopped work on a nuclear plant and cut its dividend by 65%. When was the last time that happened at a gas company?

The accompanying table presents data on 37 natural gas distributors, excluding giants like Columbia Gas and Consolidated Natural. Dividends, for the most part, are attractive and secure. The fact that most professionals ignore these stocks adds to their appeal. None of these companies is an obvious takeover candidate. But if some attractive offers come along, don't be totally surprised. ■

Flames that could attract buyers

Company	Location	Recent price	Book value	Latest 12-months EPS	5-year earnings growth rate	Dividend	Yield	Revenues (mil)	S&P's rating
Michigan Energy Resources	Mich	13½	$12.76	$1.18	–2%	$1.34	9.9%	$161.0	B+
Mississippi Valley Gas	Miss	24½	24.12	3.32	3	1.80	7.3	232.1	A+
Mobile Gas Service	Ala	9⅜	9.98	1.01	0	0.88	9.4	78.8	A–
Mountain Fuel Supply	Utah, Wyo	28⅞	17.49	3.32	13	1.44	5.0	510.3	A
National Gas & Oil	Ohio	11½	8.95	1.37	9	0.40	3.5	55.0	A–
New Jersey Resources	NJ	22⅛	17.04	2.20	3	1.84	8.3	279.9	B+
North Carolina Natl Gas	NC	15⅜	17.30	2.00	5	1.60	10.4	166.5	A–
Northwest Natural Gas	Ore, Wash	14	13.88	1.65	3	1.36	9.7	375.7	A–
NUI Corp	NJ	26½	23.48	3.10	32	2.20	8.3	303.7	B+
Pennsylvania Enterprises	Pa	17⅝	25.71	3.86	34	1.80	10.2	188.3	B+
Piedmont Natural Gas	NC, SC	24	21.95	3.62	13	2.08	8.7	346.5	B+
Providence Energy	RI	20¼	24.12	2.92	10	1.80	8.9	155.6	B+
Public Svc No Carolina	NC	16½	13.43	1.84	8	1.64	9.9	211.8	B+
Rocky Mtn Natural Gas	Colo	9¾	7.33	0.74	6	0.60	6.2	20.9	B+
Southeastern Mich Gas Ents	Mich	14¾	12.93	1.82	0	1.52	10.3	67.6	B+
South Jersey Inds	NJ	23¼	23.56	2.46	0	2.32	10.0	298.5	A–
Southwestern Energy	Ark	20¼	5.95	1.50	23	0.52	2.6	62.7	A–
Southwest Gas	Calif, Nev, Ariz	12½	10.40	2.69	11	1.20	9.6	399.1	B+
UGI Corp	Pa	17¾	27.71	0.59	–7	2.04	11.5	688.3	A
Washington Energy	Wash	15¾	17.00	1.26	–2	1.60	10.2	339.3	A–
Washington Gas Light	DC, Md, Va	31⅜	31.88	4.36	10	2.88	9.2	682.8	A
WICOR	Wis	22⅛	24.57	2.27	–6	2.14	9.7	649.7	B+

Sources: Media General Financial Services Inc. by Business Information Systems. Forbes

FEBRUARY 27, 1984 THREE DOLLARS

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Forbes

CALIFORNIA'S DEUKMEJIAN

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February 27, 1984
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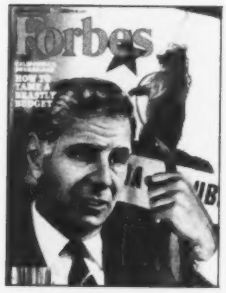

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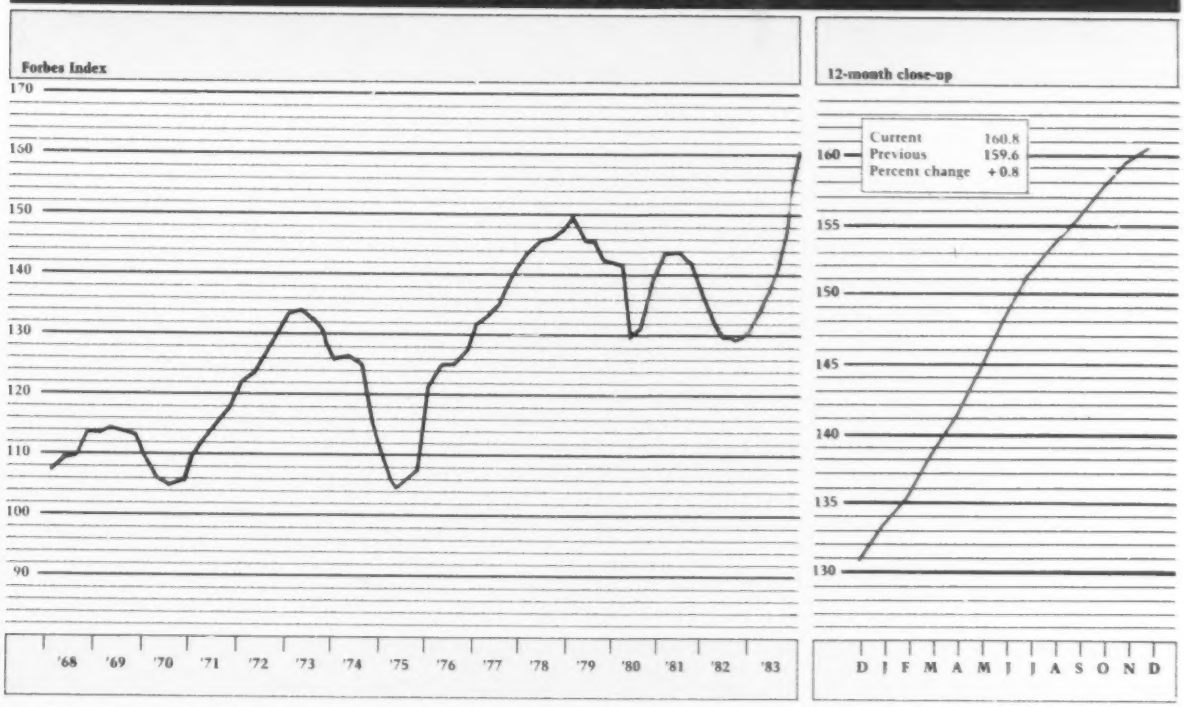
The Forbes Index



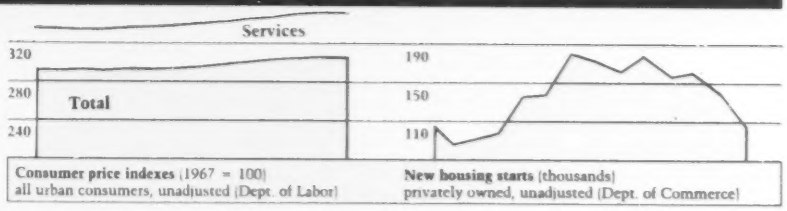
Harder to climb. After being on an upward track for more than a year, the Forbes Index is definitely slowing down. Manufacturers' new orders, for example, were up 0.2% from November and are some 26.2% higher than they were in December of 1982. But compare this with a 3.4% rise from October to November and a 36.7% gain from November of 1982 to November of 1983. While orders were slowing, however, inventories were still held in check. They are up only 0.1% from November to December, vs. a 0.2% rise from October to November.

In the latest reporting period, the Consumer Price Index rose 0.1% from the previous month. But the service component of the Index was up nearly twice as much as the overall figure.

The Forbes Index Components

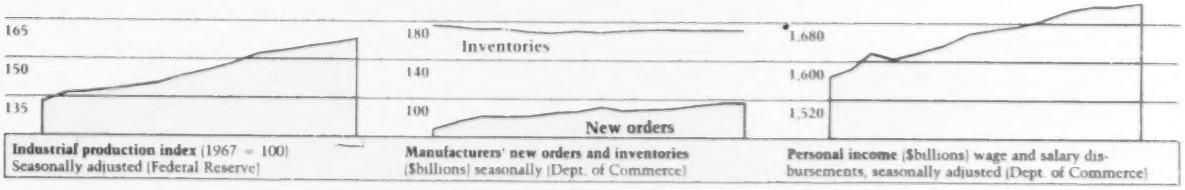
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)

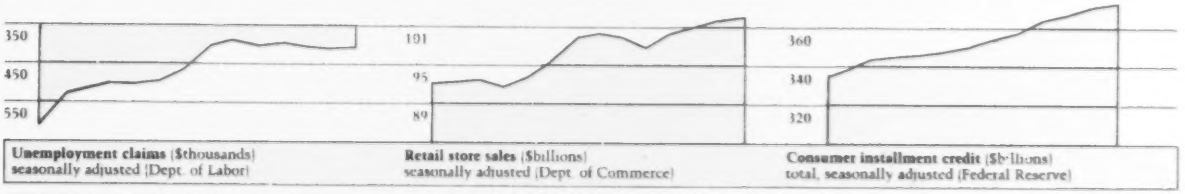
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) Seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims ($thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

There is no law against Dow Jones' plan to create two classes of stock. But that doesn't mean there are no penalties.

Class struggle

By Pamela Sherrid

A FEW WEEKS AGO Dow Jones directors voted to join the growing number of firms that have two classes of stock with equal claim on assets but unequal voting rights. The purpose of such arrangements, which typically involve series A and series B shares, is to help controlling shareholders stay in control. That is clearly the case at Dow Jones. The Bancroft family—heirs of Clarence Barron—owns 56% of the equity.

The objective here is hardly new. A special class of stock that elects, say, three-fourths of the board, has long been a fixture at family-dominated media companies. The New York Times Co. and the Washington Post Co. both have such provisions. There is a difference, however, between telling shareholders from the start that they are second-class citizens and handing out limited voting stock to existing minority shareholders.

To begin with, battening down the hatches affects marketability. When Dow Jones gets two classes of equity it must leave the New York Stock Exchange—as A.O. Smith and Figgie International did last year when they instituted similar plans. The problem is that while such arrangements can make sense for management, they are not always popular with investors.

Most of the potential problems involve the rights of minority shareholders. "We don't like any situation in which one owner is at a disadvantage to another," says an official of the New York Stock Exchange. "There is a potential for abuse." Having special stock strengthens the ability of insiders to make acquisitions from other insiders, issue themselves handsome stock options or sell cheap shares to friendly parties.

The biggest financial loss to outside shareholders, however, is the right to be bought out at a premium in an unfriendly takeover, the very event that the insiders are seeking to avoid. When insiders do decide to sell, what's more, the control that they have protected can be very valuable indeed.

Consider the sad tale of National Old Line, an Arkansas insurance company. Its founding family controlled most of the Class A voting shares but only 11% of total equity. The rest was held by the public through nonvoting B shares. These had equal rights at liquidation, but not, as it turned out, in the event of a sale.

A few years ago a Dutch insurance company came courting. The family was willing to sell for $80 a share, over $300 million. The Dutch bidder offered $144 million. So the family took $80 for its stock and gave other shareholders what was left. That amounted to $26.75 per share. Class B shareholders sued. Eventually, they settled for $28, which forced the family to cut its price to $67.80.

To avoid these hassles, the NYSE

Almost all in the family

These companies use unequal voting provisions to insure control by corporate insiders. As a result, public shareholders may be penalized if there are fat takeover premiums.

Company	Control stock	Control mechanism	Control group	Control stock held
Blount	Class B	Elects 75% of directors	Blount family	60%
Brown-Forman Distillers	Class A	Class B nonvoting	Brown family	62
Charter Medical	Class B	Elects 75% of directors	W.A. Fickling	83
International Bank	Common	10 votes per share	G. Olmsted	36
Media General	Class B	Elects 70% of directors	D.T. Bryan	59
AC Nielsen	Class B	Class A nonvoting	Officers and directors	56
New York Times	Class B	Class A limited-voting	Ochs Trust	78
Saunders Leasing	Class B	Elects 75% of directors	Saunders family	56
AO Smith	Class A	Elects 75% of directors	Smith Investment Co	54
Wang Laboratories	Class C	Elects 75% of directors	Wang family	69
Washington Post	Class A	Class B limited-voting	K. Graham and trusts	100

bans all companies with two classes of stock—except for Ford Motor Co. Its special shares get 40% voting power though they comprise less than 10% of the equity, a situation that existed before the current restrictions were imposed. NASDAQ officials aren't troubled by differing classes of stock, but the American Exchange has a logical middle ground:

- Limited-voting shareholders must have the right, voting as a class, to elect not less than 25% of the board. In many situations, this gives minority shareholders more of a voice in the firm than they already had.
- In all matters other than electing the board, the voting ratio in favor of so-called supervoting stock cannot be greater than 10-to-1. "If a company continues to grow and issue shares, then ultimately the public will get the dominant vote," explains Amex Senior Vice President Robert Smith.
- Insiders can't do anything that would diminish the voting power of the limited-voting stock, such as creating for themselves yet another class of supervoting paper.
- Even with these rules, however, one share of supervoting stock could still elect 75% of the board. To prevent that, the Amex wants supervoting shares to lose their clout when they fall below 13% of total equity.

The exchange also makes a recommendation: That insiders pay a preferential dividend on limited voting shares. The idea here is that shareholders are giving something up with their reduced votes and should be compensated.

Dow Jones is offering no such carrot. In addition, its outside shareholders are prodded with a rather heavy stick. Unlike other companies that allow a public market to develop in both their heavy-voting and light-voting shares, Dow Jones will allow its heavy-voting shares to be transferred only within a shareholder's family.

So, when a family member sells to an outsider, his heavy-voting shares will have to be converted to publicly traded limited-voting shares. "The illiquidity of the heavy-voting stock encourages conversion and will actually increase control by the Bancroft family," explains a NYSE official.

Does anybody care? Dow Jones stock fell about 15% after it disclosed the plan. "Most of that fall was due to the announcement," says Ken Noble of Paine Webber. One reason is that many institutional investors, which held over 25% of Dow Jones' shares, avoid illiquid stocks.

Well, nobody ever said insurance is cheap. ■

Taxing Matters

Politicians are convinced that tax-motivated mergers are immoral. But they haven't figured out how to stop them.

Losers keepers

By William Baldwin

ALAN WURTZEL, a lawyer turned retail executive, found a nice bargain three years ago in bankruptcy court. Wards Co., his $317 million-a-year electronics retailer, bought the failed Lafayette chain for $6.8 million in stock and assumed liabilities. The prize: a foothold in the New York City market, leases worth $5 million and a fat $37 million in accumulated tax losses.

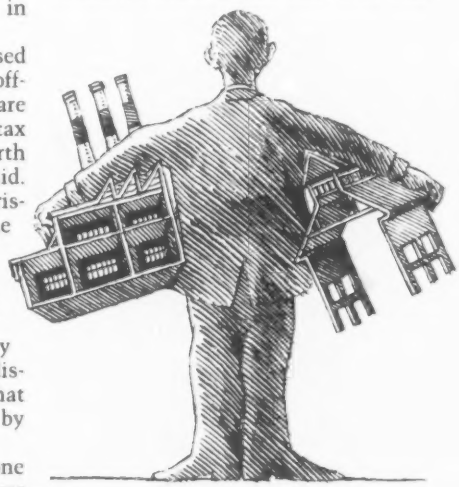
Because profits at Virginia-based Wards have been large enough to offset Lafayette's former losses, these are particularly handy. That means tax savings from the purchase are worth more than twice what Wurtzel paid. Not surprisingly, Wards stock has risen from $1.65 to $13.25 since the deal went through.

Wurtzel isn't bragging about his bargain. "We didn't do it primarily for the tax benefit," he explains, with good reason. His ability to use Lafayette's tax losses will disappear if the IRS can ever show that the deal was primarily motivated by tax considerations.

This tax-motivation rule is one weapon in government's 30-year war against "trafficking" in loss carryforwards, a war that is currently escalating. Last month new rules, enacted in 1976 but repeatedly delayed because no one could figure how they work, went into effect. Three congressional committees are now rewriting the 1976 law with a view to making it tougher.

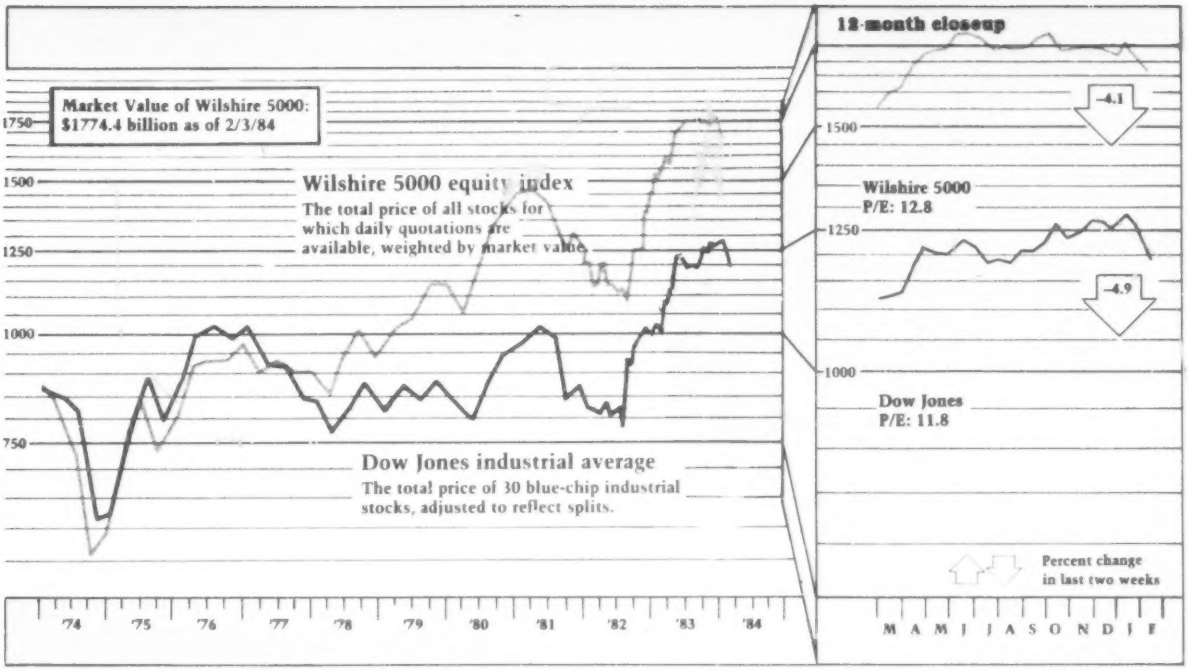
Part of the problem, however, is congressional ambivalence. Fairness demands the pooling of gains and losses, say the legislators. A corporation that loses money one year and makes it back the next, or loses in this division what it makes in that one, should pay no taxes. But this approach to taxation inevitably encourages mergers, something that makes politicians uncomfortable.

All this brings business for tax planners and buying opportunities for their clients. Thanks to the uncertainties, a dollar of loss carryover will



cost an acquirer maybe 5 cents, says Bear, Stearns partner Randall Smith, even though it can save up to 50 cents in federal and state taxes. Such value is particularly attractive to aggressive investors such as Chicago's Pritzker family, which may have picked up several hundred million dollars in potentially valuable Braniff Airlines loss carryovers for next to nothing, and Cincinnati's Carl Lindner, who controls the New Haven Railroad's $58 million tax-loss carryforward.

The Forbes/Wilshire 5000 Review



Wintertime blues. Wall Street started the new year on an emotional high, but in only a few weeks investors went from euphoria to deep depression. Much of this anxiety stems from the Administration's latest budget proposal and its forecast for gigantic deficits. The Dow industrials, driven down by sharp declines in bellwether blue chips such as IBM and General Motors, are off 4.9% for the latest two weeks and 7% for the month. Amex issues suffered 5.9% and 6.3% falls, respectively, for the most recent two- and four-week periods. Shares trading over-the-counter were hit with the hardest losses, 7.2% for two weeks and 8.3% for four weeks.

After the recent market decline, many leading indicators show discouraging 52-week performance, despite an economic turnaround and sharp increases in corporate profitability. The NASDAQ index is only 4.9% higher than it was 12 months ago, while the NYSE is up 10.3%. The Amex shows the best performance, with a 16.6% gain. Meanwhile, the Wilshire is 9.5% higher than it was last year. But, with a 5.8% drop in the most recent month, the price/earnings multiple on the Wilshire is down from 14 at the start of the year to 12.8 at present. If stock prices continue to fall it won't be long before many issues, once again, are back on the bargain table.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
	-5.8	-3.2	-7.0	-4.8	-6.3	-8.3
in last 52 weeks	9.5	12.2	11.1	10.3	16.6	4.9

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-6.2	-0.1	-4.4	-0.4	-8.0	-1.2	-0.3	-3.6	-1.7	-0.6	-5.2	-1.1
in last 52 weeks	11.6	42.5	28.6	22.1	12.3	40.5	23.5	34.9	29.0	24.3	21.6	32.5

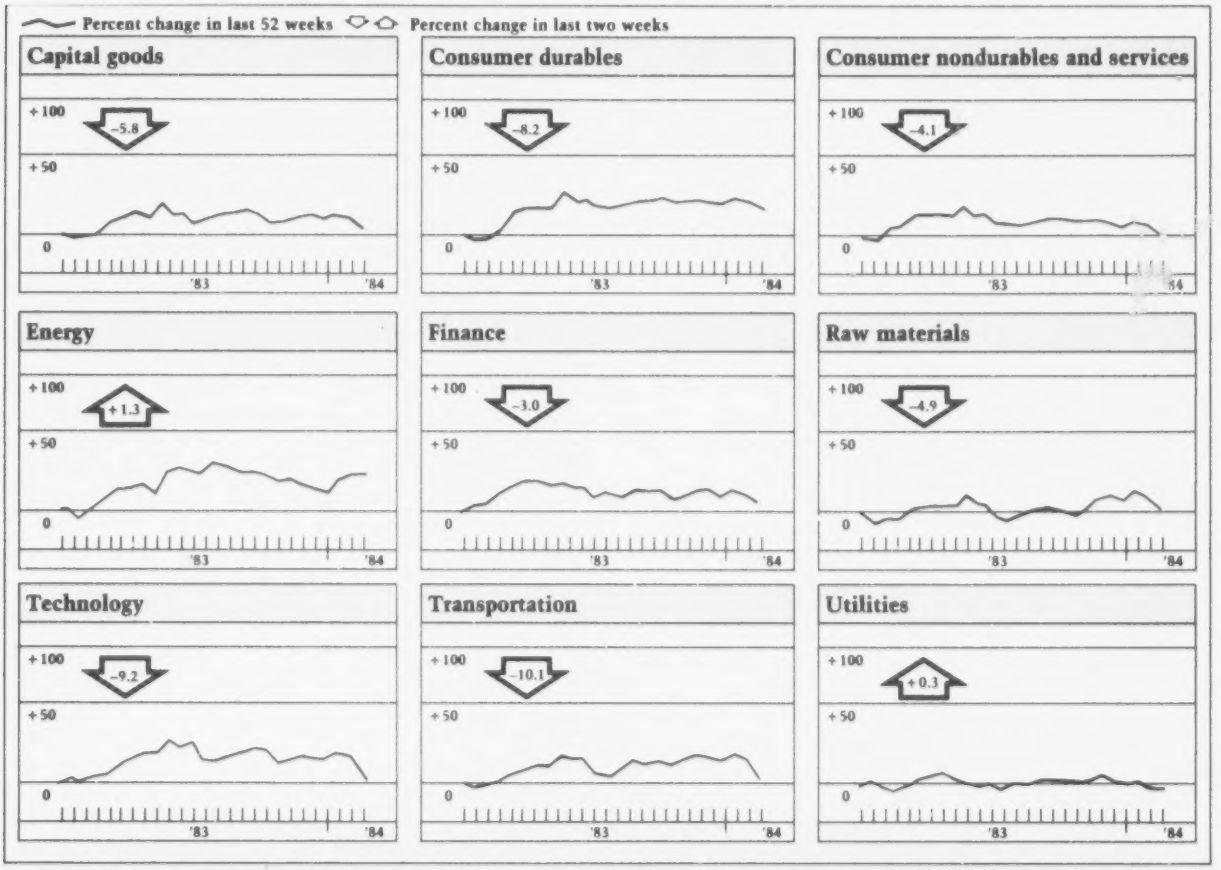
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/3/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Love in vain? A few weeks ago many experts were talking about an everlasting romance on Wall Street. So the sharp declines in the last several sessions came like a slap in the face. With IBM showing a one-month drop of almost 13 points, the technology group was hit hard, with losses of 9.2% and 12.5% for two weeks and four weeks, respectively. Transportation shares show the second-worst four-week performance and the worst two-week decline. A number of major airline and trucking stocks suffered multiple-point losses. Consumer durables, with a 9.2% drop for the month, was the third-poorest performing sector.

During the last two weeks only two groups—energy and utilities—gained ground. Further merger speculation pushed up the large oils, while investors shopping for power companies with little or no nuclear exposure helped the utilities to rise.



What The Analysts Think

Signs of decay. Over the last two weeks analysts have scaled back their earnings estimates on seven of the nine Wilshire sectors. While transportation and consumer durables now show larger estimates, both sectors registered large two-week losses. Meanwhile, The Forbes 500s is now selling at less than 7 times estimated 1985 earnings.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.52	13.4
1984 estimates	4.33	8.6
1985 estimates	5.41	6.9

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Transportation	$3.16	1.22%	-1.85%
2	Consumer durables	3.81	0.33	0.35
3	Utilities	3.70	-0.70	-0.70
4	Technology	2.17	-0.84	-1.40
5	Finance	4.68	-0.90	-1.36
6	Consumer nondurables	2.97	-1.05	-1.69
7	Raw materials	3.67	-1.40	-2.25
8	Energy	2.78	-1.69	-3.26
9	Capital goods	2.48	-3.89	-1.38

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 2/3/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Statistical Spotlight

Drug stocks were sickly in 1983. Will healthy earnings this year give them the shot in the arm they need?

The road to recovery

By Leslie Pittel

DRUG STOCKS need a booster shot. Even though their 18.5% average return on equity is sky-high, these companies were market laggards in 1983. "The industry is at the lowest P/E relative to the overall market that I've seen in ten years," says Frederic Greenberg, a vice president at Goldman, Sachs & Co.

Heavy foreign exposure and new federal health care policies put drug companies in Wall Street's sickbed. But not everyone sees symptoms the same way. Traditionally, a strong dollar hurts the industry, which has big overseas sales. But Steven Leuthold of The Leuthold Group in Minneapolis argues that a cure is on the way. "There is more currency hedging today and less vulnerability," he says.

Then there are the recent Medicare/Medicaid amendments, which set prospective reimbursement schedules for hospitals. In order to stay within their budgets, institutions will have to cut costs, and pessimists think they might do this by using less expensive drugs. But there's a counterargument here, too: "Since labor makes up 70% of their costs, hospitals will try to get patients out as soon as they can," says Dorothy Eckardt at Butcher & Singer. To prevent potential malpractice suits, doctors might prescribe additional medication to treat their outpatients.

Over the long term, of course, changing demographics give the drug industry the most important plus. "Remember, older people are bigger consumers of drugs," says Leuthold.

One word of caution: While drug stocks as a group are relatively risk-free, individual stocks can rise or fall based on one key product. Look at Eli Lilly. Litigation relating to Oraflex, its antiarthritis drug, has pushed share prices to 1972 levels even though earnings have more than tripled since then. Leuthold likes Lilly now, but he also recommends holding several drug stocks to limit the one-

Pill Street blues

Most of these ethical drug stocks are trailing the overall market. But with above-average returns on equity and robust earnings estimates for 1984, they may have healthy futures.

Company	Price recent	Price 52-week high–low	200-day performance vs market	Price/earnings latest 12 months	Price/earnings 5-year high	Price/earnings 5-year low	EPS latest 12 months	EPS 1984 est	Dividend	Return on equity
Abbott Laboratories	43⅞	53⅛–36½	94%	15.3	18.7	9.9	$2.86	$3.34	$1.00	22.1%
American Home Products	51½	54⅛–41¾	97	12.9	13.6	7.5	4.00	4.49	2.64	30.4
Bristol-Myers	43¾	47⅞–31^{3}/$_{16}$	113	15.1	18.5	8.7	2.89	3.45	1.20	20.3
Carter-Wallace	24½	29 –18	90	10.8	14.2	5.6	2.26	2.45	0.48	10.5
Erbamont NV	11½	25⅛–11½	NA	13.2	26.9	12.2	0.87	1.18	—	18.9
Eli Lilly	62	68⅜–56¼	97	10.6	17.2	9.2	5.87	6.77	2.90	20.0
Merck & Co	90	104⅝–81⅓	104	15.0	18.6	11.5	6.02	6.87	3.00	18.8
Novo Industries AS	55¼	73½–46¼	103	18.8	37.3	15.9	2.97	3.80	0.28	21.3
Pfizer	35¼	44½–33⅛	84	13.1	19.1	8.9	2.73	3.19	1.32	16.9
AH Robins	19	29⅛–16¼	88	8.0	14.8	3.9	2.37	2.75	0.68	15.2
Rorer Group	29	34⅛–22⅞	105	14.9	18.8	9.2	1.94	2.26	1.08	18.9
Schering-Plough	36⅞	48⅛–36	82	10.7	14.2	5.6	3.45	3.85	1.68	13.8
GD Searle	45¼	55⅞–34¼	112	19.0	20.2	7.6	2.38	3.40	0.52	21.1
SmithKline Beckman	57½	76½–55¼	83	9.8	17.9	9.4	5.85	6.41	2.80	24.7
Squibb	47⅜	55⅝–38¼	86	14.8	60.8	9.7	3.20	3.76	1.44	14.0
Sterling Drug	26	29⅜–22¼	99	11.9	14.5	8.6	2.18	2.48	1.12	15.3
Syntex	48	62½–47⅛	79	10.8	17.9	7.1	4.44	4.84	1.40	24.4
Upjohn Co	56½	68½–49¼	101	11.3	16.4	6.3	4.99	5.89	2.56	12.9
Warner-Lambert	31¼	35 –26⅛	86	13.7	17.1	6.7	2.28	2.84	1.48	11.8

NA: not available

Sources: Media General by Business Information Systems, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Forbes

bad-product risk.

The table on page 186 lists 19 major ethical drug companies. Some are selling below the overall current market P/E of 12.8. Most should show higher 1984 earnings. In addition, for the past 200 days most of the stocks have underperformed the market, as indicated by the below-100 values in the performance index column.

"We think that we've seen the bottom of these stocks and that their relative performance will improve," says Greenberg. "Values here look really good." ■

The Funds

The hot stock funds have cooled while the cool stock funds are getting hot.

Switch in mood

By Barbara Rudolph

ONE OF THE MUTUAL FUND industry's surprising 1983 successes was the T. Rowe Price Growth & Income Fund. Set up one year ago to invest in a mix of fixed-income securities and large cap and high-yielding stocks, it now has $260 million in assets, with almost no quick redemptions. "I don't know that we've ever introduced a fund with a first year that good," says Price spokesman Steven Norwitz.

Good-bye hot stock funds, hello income-and-capital preservation. In keeping with the current mood, investment managers are promoting some recently ignored funds. Aside from high-risk products, like small-company growth funds, in the back of the shop there is less showy merchandise. Growth and income fund managers seek what their title suggests—a combination of dividend income with a modest level of capital appreciation.

Look at Fidelity, among the most savvy of marketers. There are now fewer ads for its aggressive Magellan Fund and more for the straightlaced Equity-Income Fund. No wonder: While Magellan's 1983 sales were about 3 times those of Equity-Income's, that gap was closing fast in January. Three months ago Fidelity also slyly added a 2% sales charge to previously no-load Equity-Income.

Why the switch to caution? No secret: The more conservative funds were up slightly during the tricky last quarter of 1983. By contrast, the more aggressive capital appreciation and growth funds were down an average of 3% for the quarter. ■

Going for income and growth

These 40 growth and income funds have at least $100 million in assets. Each fund is rated in FORBES' annual fund survey.

Fund	1-year return	5-year return	FORBES rating UP	DOWN
Affiliated	25.8%	152.8%	C	C
American Birthright Trust	20.7	130.0	C	C
American Mutual	24.4	164.6	D	B
Bullock	15.9	118.5	C	C
Decatur Income	23.0	154.7	D	B
Delaware	15.4	185.7	D	C
Dividend Shares	20.7	109.0	D	D
Dreyfus	19.8	136.4	C	C
Fidelity	22.5	153.0	C	C
Fidelity Equity-Income	29.2	229.2	C	A
Fidelity Puritan	25.8	148.5	D	A
Financial Industrial	14.5	137.2	C	C
Founders Mutual	25.1	107.6	D	D
Fund of America	28.2	251.7	C	D
Fundamental Investors	26.3	133.9	D	D
Guardian Mutual	25.3	176.0	B	C
Hamilton	9.9	80.3	C	F
ISI Trust	6.6	67.8	D	A
Income Fund of America	17.4	111.5	D	A
Investment Co of America	20.3	134.6	C	C

Fund	1-year return	5-year return	FORBES rating UP	DOWN
Investors Stock	15.9%	110.7%	D	D
Istel	17.0	103.0	C	D
Mass Financial Devel	22.4	180.4	B	F
Mass Investors Trust	20.9	117.8	B	F
Merrill Lynch Capital	23.1	155.9	D	F
Mutual Shares	37.0	188.7	B	B
National Stock	9.4	112.5	D	C
Nationwide	15.8	87.0	D	C
One William Street	23.8	168.1	C	D
Penn Square Mutual	29.8	144.3	C	C
Philadelphia	18.4	118.0	C	C
Pioneer	24.9	129.9	C	D
Pioneer II	30.0	195.8	B	B
Security Investment	10.1	120.5	D	C
Seligman Common Stock	27.2	159.6	C	D
Sentinel Common Stock	20.2	147.6	D	B
State Street Investment	19.6	115.6	C	D
Value Line Income	6.7	160.6	D	A
Washington Mutual	26.3	159.7	D	B
Windsor	30.2	178.0	C	B

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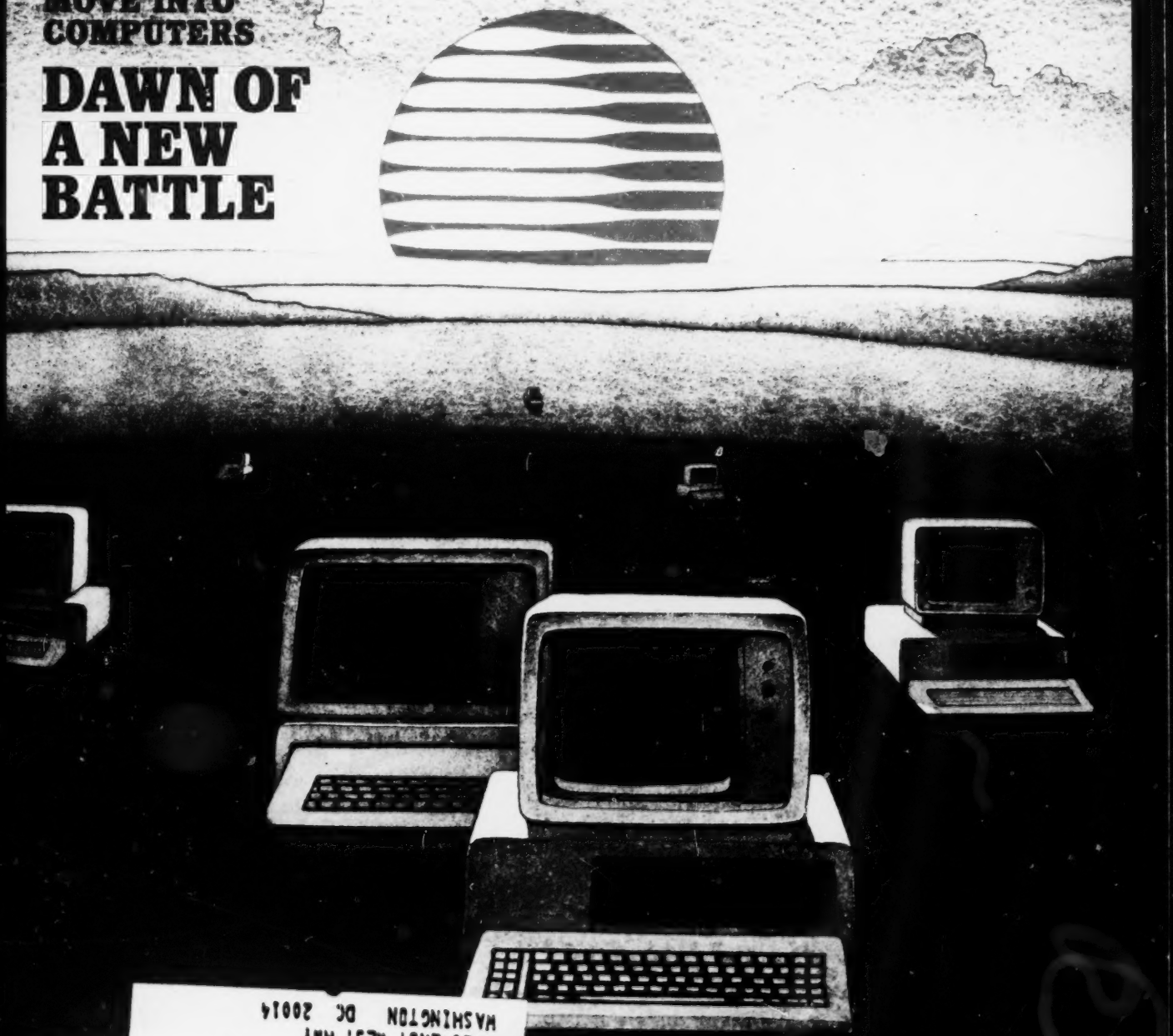
AT&T'S MOVE INTO COMPUTERS

DAWN OF A NEW BATTLE



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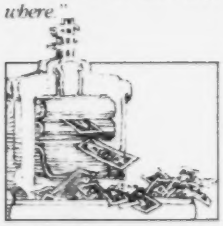

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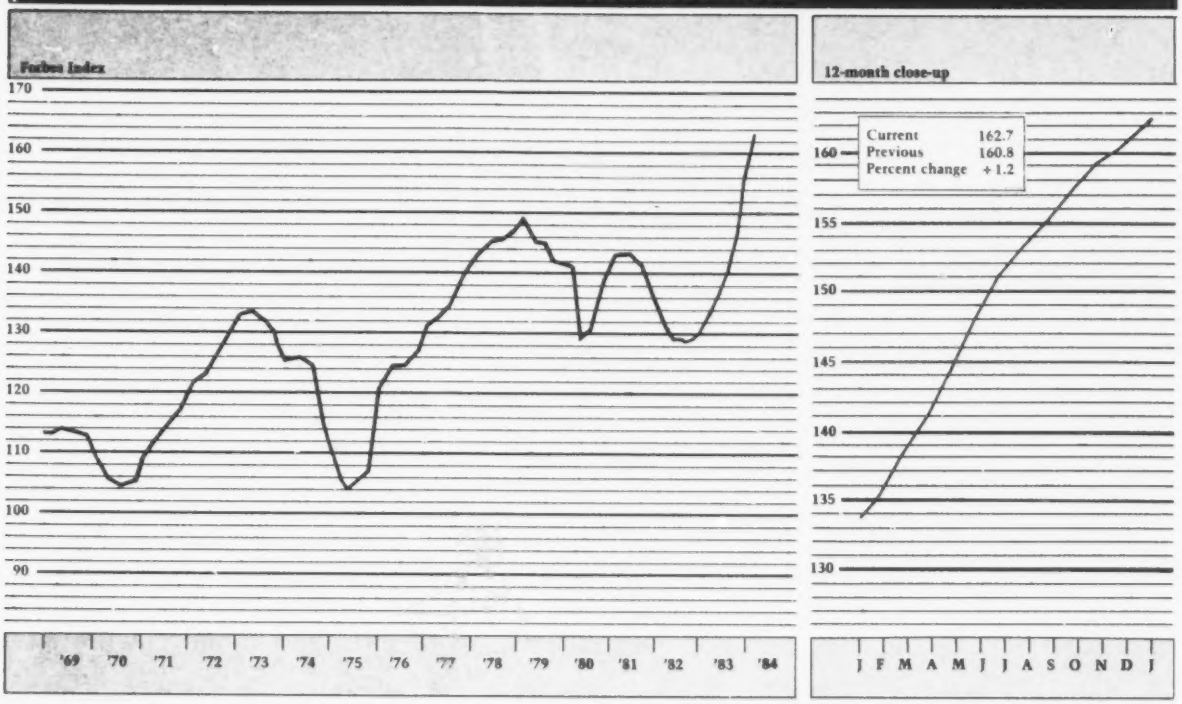
The Forbes Index

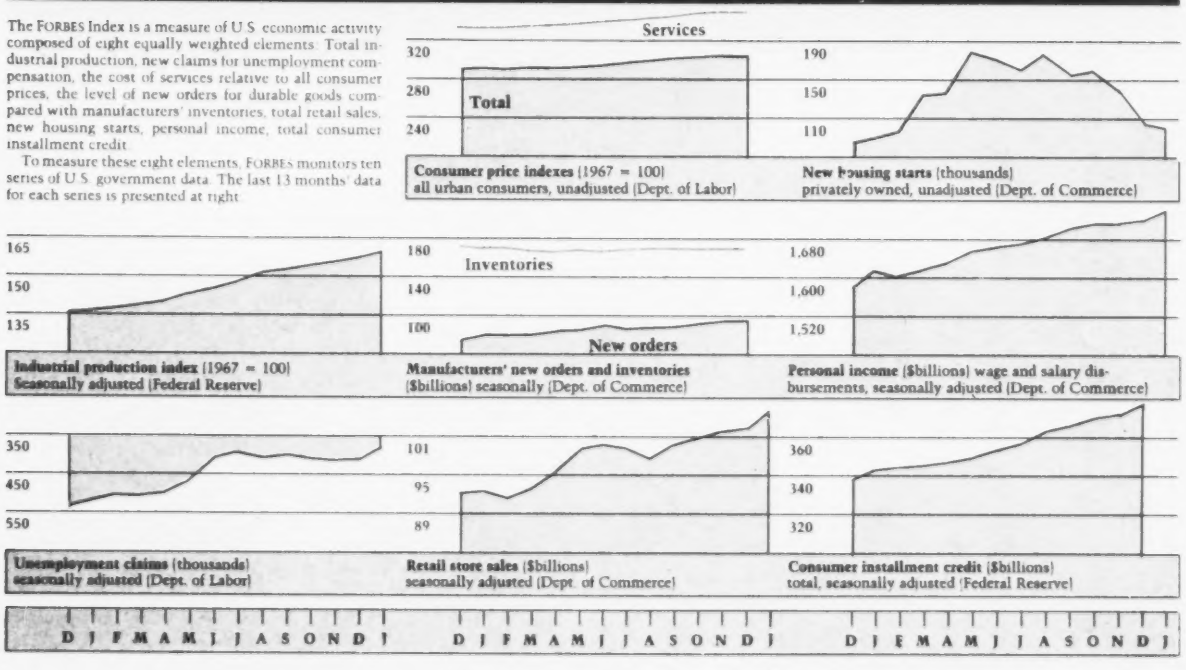


Rising tide. The recovery continues to gain strength. Positive trends of several of its major components helped the Forbes Index hit another new high. Retail sales show seasonally adjusted gains of 2.2% for the latest month, and 13.1% vs. January 1983. Industrial production was up 1.1% from December and now stands some 15.1% higher than it was the same time a year ago. Meanwhile, an increase in spending power is giving consumers more confidence about their purchasing abilities. Personal income is up 1.3% and consumer installment credit, 1.8%. New unemployment claims show a 5.3% month-to-month drop. On a disappointing note, new housing starts fell 0.8% from December to January, vs. a 10% rise from December 1982 to January 1983.

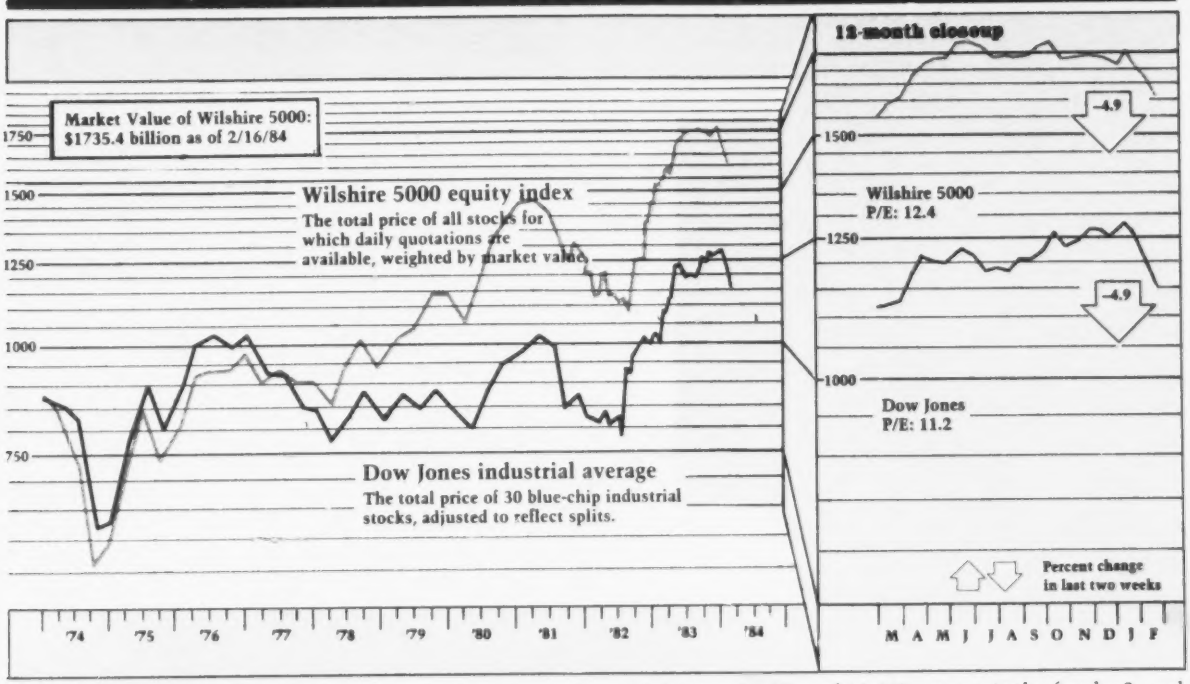
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



Too much blood. Remember a few short weeks ago, when many experts were predicting the imminent start of the next leg of the bull market? Instead, since the first of the year more than $49 billion in market value has been blown away on Wall Street, as measured by the Wilshire index. Nearly $35 billion of that decline came in the last ten trading days.

Significantly, among the hardest hit stocks were the volatile, mostly smaller-company, NASDAQ issues, which led the bull market upward through the end of 1982. NASDAQ shares, which have been in decline since last summer, continue to be the worst-performing group, with losses of 5.4% and 12.1%, respectively, for the 2- and 4-week periods. And on a 52-week basis the NASDAQ is down by 2.8%. This is the first time since early October 1982 that a major market indicator has shown a year-to-year decline. In contrast, with its 7.8% gain, the far less glamorous Amex continues to outshine the rest of the market on a 52-week basis.

Any silver linings to these dark clouds? There are some. While stocks fell, many companies reported strong quarterly profits. On the estimates front, The Forbes 500 (Sales) now trades at 8 times anticipated 1984 earnings and only 6.5 times anticipated 1985 earnings.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–8.0	–6.8	–8.8	–7.0	–9.5	–12.1
in last 52 weeks	4.2	5.4	6.1	5.5	7.8	–2.8

Stock performance based on five key investor yardsticks

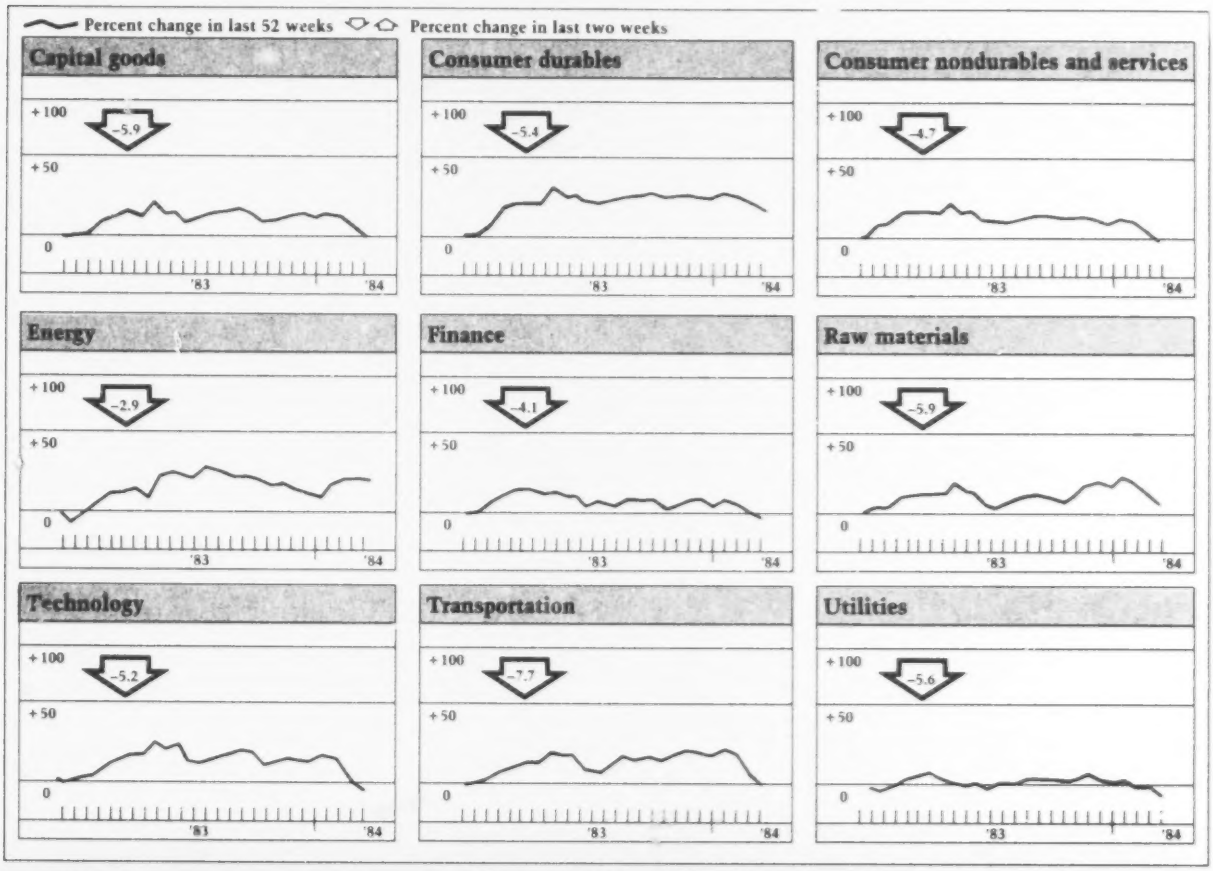
Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–8.0	–7.8	–11.9	–3.5	–12.1	–8.7	–3.7	–9.9	–10.6	–4.4	–7.8	–9.5
in last 52 weeks	6.1	28.6	17.0	16.2	2.8	27.1	18.3	21.9	17.4	18.3	14.1	19.2

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/16/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Pretty beat up. The market took a pummeling during the last two weeks. Losses were across the board, but hardest hit were the transportation stocks, which dropped 7.7%. Five other sectors ended up more than 5% lower at the end of the period. On a four-week basis, the picture is even bleaker. Transportation shares again registered the greatest decline, down 15.5%. Technology stocks did almost as badly—down 13.2%—with IBM helping to lead the decline. Consumer durables, raw materials and capital goods and services all gave up more than 10% of their market value. Only energy shares managed to eke out a minor gain, but this was because of the Texaco-Getty merger and speculation over Gulf Oil. Without that market stimulation, the oils, too, would have declined.



What The Analysts Think

Hand of fate. Transportation stocks might have suffered the greatest drop in prices over the last two weeks, but Wall Street's high-paid analysts saw things in a different light. Of the nine Wilshire sectors, only transportation shares had their 1984 earnings estimates revised upwards. Meanwhile, finance shares had the sharpest estimate cuts.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.56	12.3
1984 estimates	3.94	8.0
1985 estimates	4.84	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Transportation	$3.16	0.57%	-1.68%
2	Raw materials	3.55	-0.64	-2.43
3	Capital goods	2.54	-0.90	-3.98
4	Utilities	3.64	-0.94	-1.43
5	Consumer nondurables	2.87	-1.20	-2.05
6	Technology	2.10	-1.21	-2.12
7	Energy	2.94	-1.69	-3.23
8	Consumer durables	3.45	-1.73	-1.66
9	Finance	4.42	-2.45	-3.21

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 2/16/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Statistical Spotlight

There really isn't any such thing as a perfect stock selection technique. But here's a new tool to add to your bag of tricks.

A new way to spot bargains

By Steve Kichen

TWO ISSUES AGO FORBES wrote about Kenneth Fisher and his use of price/sales ratios to find bargains on Wall Street. Readers quickly asked for more, so we geared up our computers. The accompanying tables present two lists of stocks—61 firms that may be undervalued based on Fisher's theories, and another 61 companies that could be riding for a market fall.

Instead of focusing on earnings, like most analysts, Fisher spends his time tracking sales. "Earnings come from sales, rather than vice versa," he explains. The relationship that he finds most useful is a stock's price divided by per-share revenues, the price/sales ratio. Unlike more conventional P/Es, which often undergo extreme swings, PSRs are much more stable.

A low P/E means that the investors don't think a company's profits are worth much, or that they might fall sharply a quarter or two down the road. A low PSR, by contrast, means investors don't think a company can make much money with the revenues it has—a very different proposition. An important difference here, says Fisher, is that P/E ratios are useless when companies are losing money. But PSRs are useful as an early indicator of what might happen if profitability returns.

PSR analysis may help identify the next Chrysler, Ford or Pan Am. At its low in 1981, for example, Chrysler was losing millions and showed up on no one's low-P/E stock list. But the automaker had a PSR of 0.02 when the market average was 0.3—a screaming buy according to Fisher's thinking. International Harvester sent out similar signals. In January of 1983, its PSR was 0.05, but over the next 12 months the stock went from 4¼ to 11½. One more example: The other four best performers among the

Low PSRs may make these stocks good buys

Here is a group of stocks with low price/sales ratios. There are plenty of other stocks with low PSRs, of course, but those risky shares couldn't pass our conservative screens. By contrast, each of the 61 companies below, with PSRs ranging from 0.05 to 0.31, has a current ratio above 1.2, sales greater than $25 million and debt as a percentage of equity below 50%.

Company/business	PSR	Recent price	Latest 12-month P/E	EPS	Sales (millions)	5-year sales growth	Current ratio	Debt/ equity
Monfort of Colorado/food processing	0.05	14⅞	4.7	$3.15	$1,374.5	34%	1.3	22%
SM Flickinger/food wholesaler & retailer	0.08	23¼	9.4	2.48	1,483.6	15	1.7	44
Tesoro Petroleum/integrated oil	0.08	16⅛	5.3	3.05	2,813.8	10	1.3	25
Friona Inds/food processing	0.11	11⅛	7.2	1.55	244.5	28	1.9	32
Mott's Super Markets/supermarkets	0.11	11⅜	18.1	0.63	294.7	11	2.1	6
Std Commercial Tobacco/tobacco	0.13	19½	6.4	3.07	427.0	18	1.3	24
Fischbach/electrical contracting	0.14	52¼	8.1	6.45	1,339.1	22	1.9	26
Glosser Brothers/retail, supermarkets	0.14	15	8.1	1.85	243.6	14	1.7	12
Pittsburgh-Des Moines/steel	0.14	17	NM	–1.61	297.6	11	1.5	22

NM: not meaningful

Sources: Media General Financial Services Inc. by Business Information Systems, Wilshire Associates, Forbes

Statistical Spotlight

30 Dow industrials for 1983 (Allied Corp., American Can, Bethlehem Steel and U.S. Steel) all started the year with PSRs below 0.16. "If you want to outperform the Dow, buy the bottom quartile PSRs," says Fisher.

In his search for bargains, Fisher also likes to track PSRs over time. Few companies, he feels, can grow at rapid rates without suffering some glitch. When the fall comes, however, profits and margins fall—and investors typically batter the stock. This is often when the PSR begins to shrink, which means that Fisher starts getting interested. If management can work a turnaround, a low-PSR stock can be a tremendous bargain.

Though low PSRs tempt Fisher, he becomes increasingly cautious as this ratio rises above 1. If a company has any earnings at all, a high PSR means one of two things: that it has a fat earnings multiple with low profit

Low PSRs may make these stocks good buys

Company/business	PSR	Recent price	Latest 12-month P/E	Latest 12-month EPS	Sales (millions)	5-year sales growth	Current ratio	Debt/equity
IPM Technology/airport svcs	0.14	4⅛	7.9	$0.52	$ 57.2	62%	1.6	44%
Brockway/packaging	0.15	16¼	NM	–0.77	828.7	12	1.6	37
Malone & Hyde/food wholesaler	0.15	25⅞	11.2	2.31	2,681.4	16	1.4	43
Perini Corp/construction	0.15	39⅞	11.2	3.55	883.7	29	1.3	15
Mayflower/trucking	0.16	16½	7.1	2.34	379.3	12	1.6	19
Sunshine-Jr. Stores/supermarkets	0.16	16⅛	14.8	1.09	172.3	18	1.5	5
Whittaker Corp/multicompany	0.17	19⅛	7.5	2.55	1,602.7	17	1.5	46
Winn-Dixie Stores/supermarkets	0.17	29⅝	10.8	2.74	7,133.2	11	2.0	18
Riblet Products/mobile homes	0.18	11⅞	5.7	2.08	87.3	15	1.5	14
Bergen Brunswig/health care supplies	0.19	23½	14.2	1.65	1,510.2	47	1.6	12
CDI Corp/engineering svcs	0.19	26⅞	10.2	2.63	263.1	16	1.6	33
Graham/industrial equipment	0.20	12½	11.1	1.13	52.2	10	2.6	27
Hampton Inds/apparel	0.20	9⅝	9.1	1.06	125.0	13	2.8	49
Research-Cottrell/machinery	0.20	15¾	NM	0.24	386.2	12	1.3	30
Spectro Inds/health care supplies	0.20	18¾	12.1	1.55	376.0	24	1.6	39
Suave Shoe/footwear, apparel	0.20	8	11.6	0.69	111.5	12	3.9	26
Alberto-Culver/cosmetics	0.21	17	15.7	1.08	317.2	17	1.6	30
Esquire Radio & Elec/electronics	0.21	28	7.5	3.75	63.6	10	2.2	0
Ingredient Tech/food processing	0.21	13⅛	21.2	0.62	120.5	25	1.9	20
Minnesota Fabrics/textiles	0.21	7⅞	13.6	0.58	128.9	15	2.8	27
Peoples Drug Stores/drugstores	0.21	21⅝	12.1	1.79	791.2	20	1.8	43
Todd Shipyards/maritime construction	0.21	30	6.5	4.64	651.5	21	1.6	32
Dynalectron/electrical contracting	0.21	12⅜	11.7	1.06	538.5	13	1.6	37
Federal Company/food processing	0.22	31¾	10.4	3.06	1,171.4	10	2.0	16
Movie Star A/apparel	0.22	16¾	8.8	1.90	63.3	11	2.0	20
Spencer Cos/footwear, apparel	0.22	12	14.6	0.82	95.4	13	1.8	9
Atlas Van Lines/trucking	0.23	11⅞	8.0	1.49	170.6	13	1.7	20
Consolidated Foods/food processing	0.23	27¾	9.1	3.05	6,788.9	13	1.4	29
Rose's Stores/retail	0.23	17	8.5	2.00	766.4	10	1.6	12
Wells-Gardner Electronics/electronics	0.23	4⅞	15.2	0.32	75.4	60	9.5	0
Alco Standard/multicompany	0.24	34⅜	12.3	2.80	2,785.9	16	1.8	38
Armstrong Rubber/tire and rubber	0.24	35	7.3	4.78	618.4	14	2.2	35
American Building Maint/ind svcs	0.25	23¼	10.3	2.26	329.1	16	2.0	8
CRS/Sirrine Inc/architectural svcs	0.25	17⅝	9.2	1.91	166.7	111	1.7	8
Cluett, Peabody/apparel	0.26	26⅞	9.4	2.85	847.6	10	2.3	43
Republic Automotive Parts/dist auto parts	0.27	9⅝	17.2	0.56	99.4	10	3.3	16
United Technologies/aerospace	0.27	66⅛	8.3	7.94	14,669.3	22	1.5	33
Fabri-Centers of Amer/specialty retail	0.28	11	11.3	0.97	206.6	17	2.6	31
GRI Corp/mail order sales	0.28	9¼	13.0	0.71	79.0	11	2.0	4
Genovese Drug Stores/drugstores	0.28	13⅜	16.6	0.82	158.7	22	1.5	38

NM: not meaningful

Sources: Media General Financial Services Inc. by Business Information Systems, Wilshire Associates, Forbes

Statistical Spotlight

margins or that it has a low earnings multiple with fat margins. Fisher thinks either situation is risky. A fat P/E means that investors are buying future earnings growth, which may not pan out. Fat margins, on the other hand, are tempting targets for competitors and government regulators.

Taking Fisher's theories as a guideline, we used our computers to sort through several databases to generate the accompanying tables. The list that begins on the bottom half of this page contains 61 stocks with PSRs greater than 3. Genentech, a startup company, leads the group with a PSR of 11.41. Many of these firms appear on our annual Up & Comers list. These stocks have kept Wall Street enchanted, but Fisher thinks that on average they now carry more risk than

Low PSRs may make these stocks good buys

Company/business	PSR	Recent price	Latest 12-month P/E	Latest 12-month EPS	Sales (millions)	5-year sales growth	Current ratio	Debt/ equity
Great Amer Inds/rubber prods, recreat	0.28	25½	18.9	$1.35	$ 132.7	14%	3.0	28%
United States Sugar/sugar	0.28	55	8.8	6.24	274.6	42	2.3	11
Arthur D Little/research svcs	0.29	22½	10.2	2.20	180.1	11	1.7	7
Gilbert Associates/engineering svcs	0.29	25¾	10.3	2.51	237.8	12	1.8	3
LD Brinkman/floor covering	0.29	10¼	7.4	1.39	219.1	20	1.4	24
N American Philips/electronics	0.29	71½	10.8	6.60	3,529.1	13	2.3	34
Stepan/chemicals	0.29	16⅝	9.5	1.75	207.1	16	1.7	46
Allied Corp/chemicals, auto parts	0.30	51¼	7.4	6.91	9,243.0	31	1.3	35
Federated Dept Stores/retail	0.30	52¼	8.2	6.34	8,411.6	12	1.6	33
General Foods/food processing	0.30	49⅞	8.3	5.99	8,573.4	12	1.9	39
Wolverine World Wide/footwear	0.30	15	9.0	1.67	355.1	22	2.2	34
American Petrofina/integrated oil	0.31	59¼	11.7	5.10	2,102.6	17	1.4	35

Sources: Media General Financial Services Inc. by Business Information Systems, Wilshire Associates, Forbes

High PSRs may make these stocks good-byes

Because Wall Street rewards growth, it has looked favorably upon the 61 stars in the table starting below. But look again. With price to sales ratios ranging from 3.15 to 11.41, these shares are especially vulnerable if their future earnings and margins fail to meet the high expectations of investors.

Company/business	PSR	Recent price	Latest 12-month P/E	Latest 12-month EPS	Sales (millions)	5-year sales growth	Current ratio	Debt/ equity
Genentech/genetic engineering	11.41	37¾	NM	$0.08	$47.0	74%	3.0	7%
Network Systems Corp/computer equip	10.49	19½	50.0	0.39	40.4	64	13.1	1
Telerate/financial info services	9.47	19	35.2	0.54	88.3	109	7.2	0
ALZA Corp/drug research	8.78	16¼	NM	–0.33	25.7	43	4.6	486
Cetus/genetic engineering	8.68	11⅜	NM	–0.12	28.9	62	6.7	4
Value Line/publishing	7.86	34¼	36.4	0.94	43.6	29	1.2	0
Emulex/computer equip	7.33	38½	26.2	1.47	31.0	60	5.5	0
Micom Systems/computer equip	7.25	37¾	35.0	1.08	79.4	60	4.2	0
Optical Radiation/electro-optical equip	7.15	27¾	45.5	0.61	26.7	105	5.5	5
Systems & Computer Tech/software and services	7.05	23	39.0	59	43.8	100	16.3	NA
Policy Mgmt Sys/software for insurance industry	6.96	24¼	39.3	0.63	57.6	49	4.9	0
Comdata Network/money transfer services	6.04	19¾	35.9	0.55	66.0	79	2.4	0
Oregon Metallurgical/specialty metals	6.02	11¼	NM	–0.02	44.0	–8	23.1	0
Sensormatic Electron/electronic theft prevention	5.89	18½	19.3	0.96	67.0	91	3.3	47
Intergraph/computer equip	5.85	39¼	38.9	1.01	155.6	78	1.8	3
Brenco/railroad equip	5.38	8½	NM	–0.20	28.2	–14	8.6	0
InteCom/electronics	5.38	14	NM	0.23	34.4	79	5.1	0
Conquest Explr/oil and gas explor, products	5.29	9⅝	56.6	0.17	28.2	–11	2.2	160
Digital Switch/telecomm equip	5.26	24¼	29.9	0.81	27.4	74	7.1	8
Silicon General/electronics	5.17	13½	25.5	0.53	29.0	19	4.8	6

NA: Not available. NM: Not meaningful. *Sources: Media General Financial Services Inc. by Business Information Systems, Wilshire Associates, Forbes*

Statistical Spotlight

reward.

The 61 stocks in the list that begins on page 202 are in a very different situation. These firms have PSRs of 0.31 or lower, debt as a percentage of equity no higher than 50%, and a current ratio greater than 1.2. Leading the list are companies in the food industry, where traditionally there is high sales volume and low margins. But a slight improvement in profitability can translate into a large swing in earnings. This can backfire, of course, if margins deteriorate further.

One final warning: "Don't buy a company just because it has a low PSR," says Fisher. "Baldwin-United, for example, had a ridiculously low PSR. Companies about to go bankrupt always have low PSRs." Other, more conventional, factors that Fisher studies are debt/equity ratios, liquidity measures and R&D relative to market capitalization. Like all successful investors he realizes that just one indicator—even his beloved PSR—can be misleading. ■

High PSRs may make these stocks good-byes

Company/business	PSR	Recent price	Latest 12-month P/E	Latest 12-month EPS	Sales (millions)	5-year sales growth	Current ratio	Debt/equity
Cullinet Software/software	5.14	34⅛	36.3	$0.94	$ 97.9	70%	2.9	0%
Homestake Mining/gold, lead and zinc	5.09	31¾	29.4	1.08	231.8	5	8.9	2
ASK Computer Sys/computer services	4.96	16⅞	38.4	0.44	39.4	93	3.4	3
Flightsafety Intl/flight training	4.95	26	17.4	1.49	77.4	31	1.8	29
Standard Microsystems/electronics	4.82	16⅞	25.6	0.66	27.0	51	9.0	10
Intelligent Systems/computer equip	4.75	18¼	26.8	0.68	34.6	79	6.9	1
Seagate Technology/computer equip	4.69	11⅞	20.1	0.59	110.4	87	4.5	6
Cray Research/computer equip	4.68	48⅛	27.2	1.77	149.7	57	4.6	23
Ultimate Corp/computer equip	4.60	16½	23.2	0.71	35.0	64	1.9	0
Wiser Oil/oil and gas	4.58	25	20.2	1.24	49.6	13	5.9	0
Convergent Technologies/computer equip	4.51	20	44.4	0.45	160.6	66	12.5	1
Hecla Mining/silver, zinc and lead	4.38	20	19.0	1.05	85.5	17	7.0	17
Community Psych Ctrs/health care services	4.35	29¼	21.8	1.34	133.4	64	3.8	50
Key Pharmaceuticals/ethical drugs	4.34	15⅝	30.6	0.51	127.3	87	1.6	2
HBO & Co/hospital computer services	4.27	26½	31.9	0.83	67.6	103	2.7	11
Woods Petroleum/oil and gas explor, products	4.16	26¼	18.6	1.41	74.5	24	1.2	17
Chi-Chi's/fast food	3.96	19¼	36.3	0.53	127.7	57	2.0	115
Quotron Systems/financial info services	3.89	16½	23.9	0.69	144.0	56	2.8	1
DST Systems/software	3.85	18	18.9	0.95	36.7	101	3.8	90
LIN Broadcasting/broadcasting	3.85	19¾	18.6	1.06	107.4	23	4.8	97
Mylan Laboratories/ethical drugs	3.85	23⅝	40.3	0.59	31.9	14	4.8	15
Prime Motor Inns/motels	3.83	18⅝	17.1	1.09	69.3	25	5.8	82
Tellabs/telecomm equip	3.80	21¾	24.7	0.88	78.4	70	7.6	13
United Television/broadcasting	3.77	13¾	19.4	0.71	43.2	15	3.4	7
Evans & Sutherland Comp/computer equip	3.76	23	20.2	1.14	53.7	71	2.8	3
Intl Hydron/eye care products	3.69	13⅞	38.5	0.36	41.7	44	2.9	NA
Monolithic Memories/computer equip	3.67	22	26.8	0.82	105.4	40	4.0	5
Quantum/computer equip	3.56	16¼	15.8	1.03	41.8	59	4.3	0
Eagle Computer/computer equip	3.55	7	53.8	0.13	28.7	77	3.5	0
Computer Assoc Intl/computer software	3.49	23	27.4	0.84	58.1	60	5.1	16
Avantek/electronics	3.40	20¼	33.8	0.60	110.9	63	5.1	3
Intel/electronics	3.39	34½	32.9	1.05	1,121.9	25	2.9	11
PAR Technology/computer equip	3.39	13	19.7	0.66	29.1	121	4.0	1
Matrix Corp/health care products	3.30	23¾	27.3	0.87	54.4	119	3.9	13
Molex/electronics	3.28	35	23.3	1.50	212.7	27	2.9	5
Lee Data Corp/computer equip	3.27	18¼	15.6	1.17	73.8	75	6.0	1
TeleVideo Systems/computer equip	3.20	13	22.8	0.57	98.5	114	3.8	28
Communications Inds/electronics	3.17	22	19.5	1.13	61.5	21	5.5	4
Augat/electrical equip	3.16	36⅛	30.1	1.21	188.5	26	6.5	32
Dow Jones & Co/publishing	3.16	41	22.9	1.79	830.3	26	0.8	11
Felmont Oil/oil and gas, minerals	3.15	23⅞	18.2	1.31	78.8	33	1.5	8

NA: Not available

Sources: Media General Financial Services Inc. by Business Information Systems, Wilshire Associates, Forbes

MARCH 26, 1984 THREE DOLLARS

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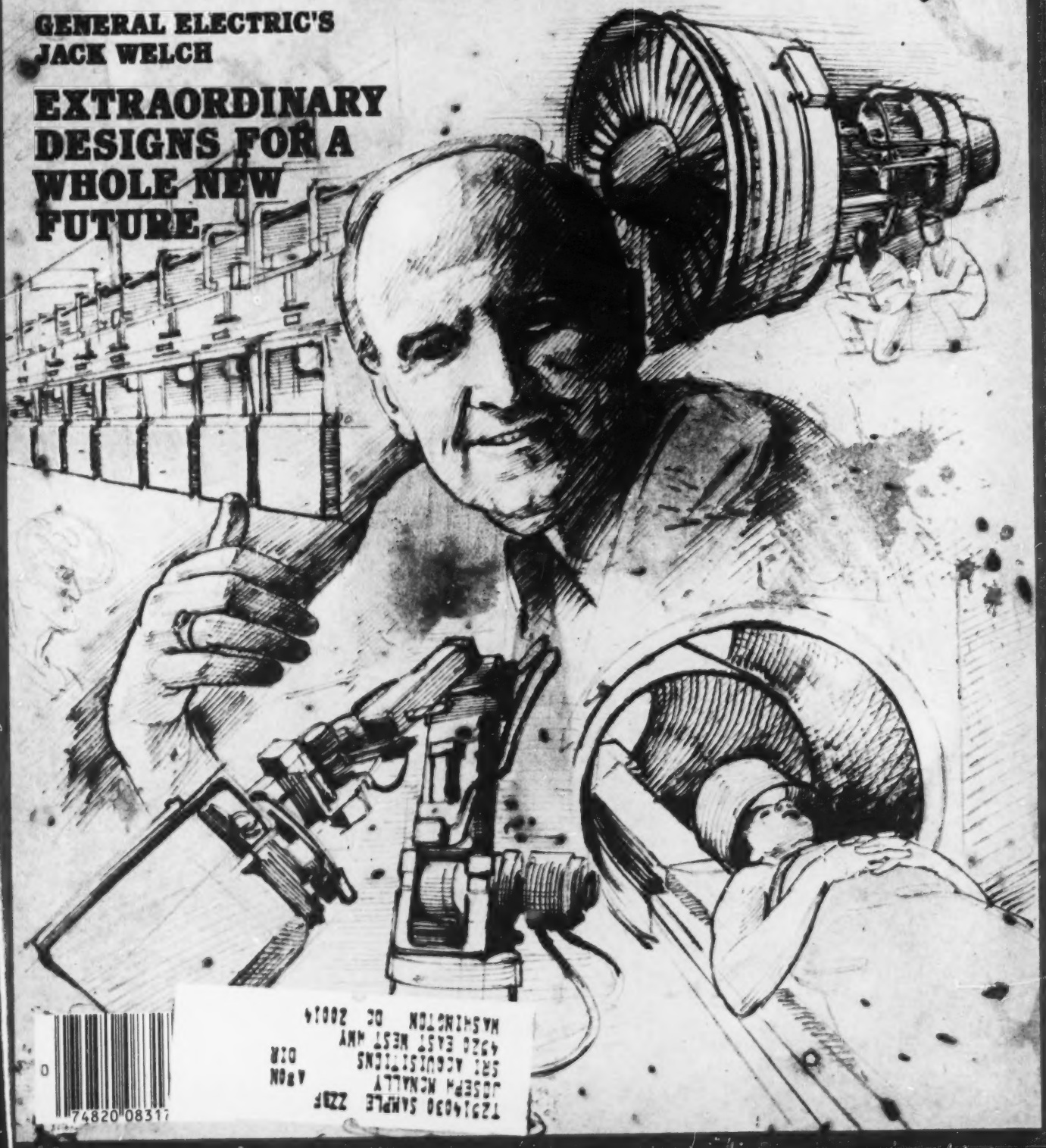
Forbes

GENERAL ELECTRIC'S JACK WELCH

EXTRAORDINARY DESIGNS FOR A WHOLE NEW FUTURE



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Forbes

March 26, 1984
Volume 133,
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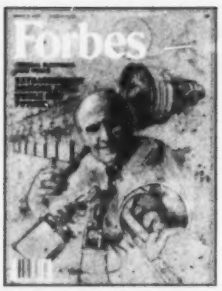

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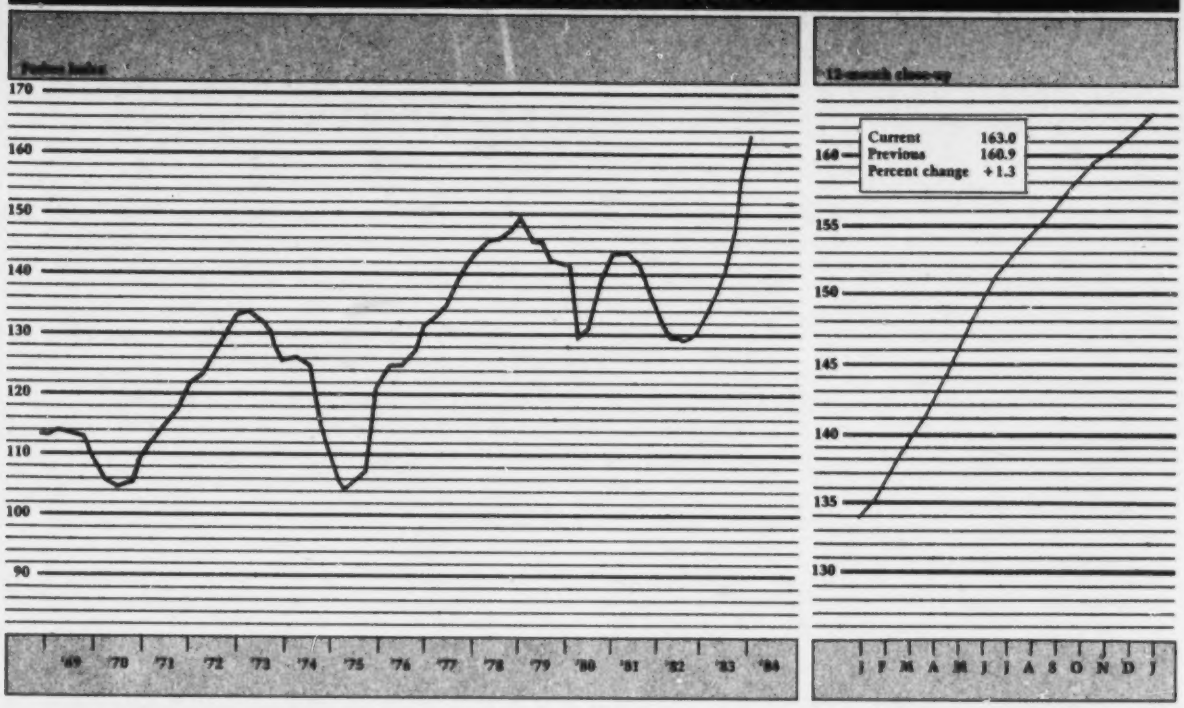
The Forbes Index



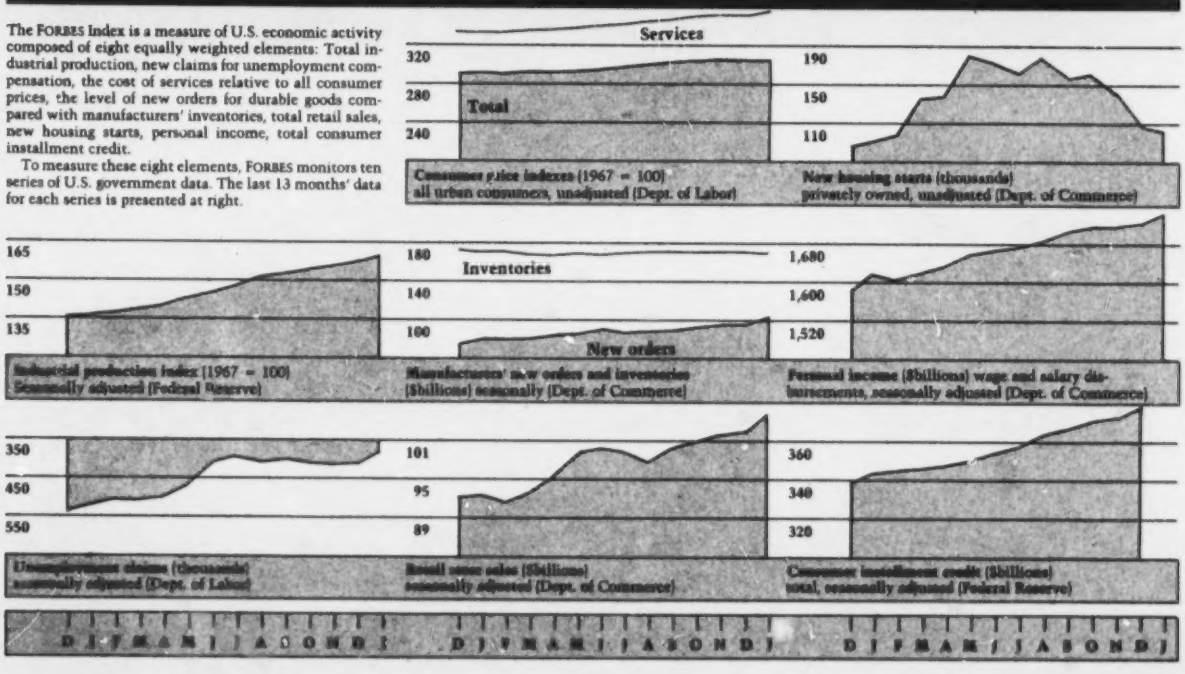
What slowdown? The Forbes Index is, once again, picking up speed. The 1.3% gain in the latest reporting period also marks another record high. Manufacturers' new orders rose 2.7% from December 1983 to January. New orders are now running nearly 25% above where they were the same time one year ago. Meanwhile, inventories are off 0.1% from December to January and are 1.6% lower than they were in January 1983. The rate of inventory liquidation is clearly slowing down, and some building of stocks is likely if the economy continues to grow.

The overall Consumer Price Index advanced nearly 0.6% in January. On an annual basis this works out to an increase of 6.7%, which would be considerably larger than the 3.8% rise in the CPI in 1983.

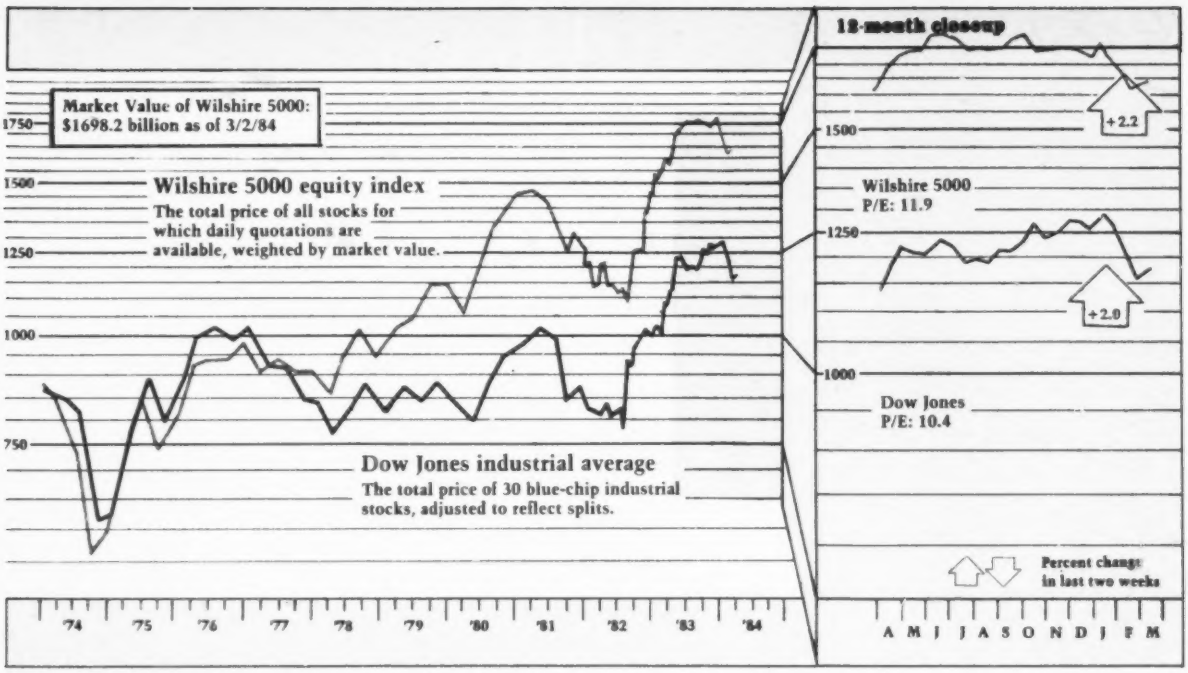
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



Rally or reprieve? After heavy swings in both directions, Wall Street managed to register some gains during the last two weeks but investors are still behind for the four-week stretch. Over the most recent ten trading days the Dow industrials rose 2% and the broadly based Wilshire index advanced 2.2%. It is the often unheralded American Stock Exchange, however, that continues to be a pocket of strength: The Amex index finished the last two weeks with the largest gain, 3.4%. NASDAQ shares had a more anemic comeback. They are up only 1.7% over two weeks. With a decline of 3.2% they also show the greatest four-week loss. The NASDAQ, in fact, is the only major index that is lower now than it was one year ago. In contrast, the Amex sports the best 52-week performance record, a rise of nearly 11%.

Price/earnings multiples continue to soften. The Dow now sells at 10.4 times latest 12-month earnings, the Wilshire, 11.9. This is because quarterly earnings are advancing faster than the market indicators. The lower multiples also reflect concerns over a number of important issues. Nervous investors worry about high interest rates, budget and trade deficits, an unusually robust dollar and the November election. With all this uncertainty, it may be difficult for the averages to gain ground.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–1.8	–1.4	–2.1	–1.4	–0.3	–3.2
in last 52 weeks	2.2	2.7	2.7	3.4	10.6	–3.9

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–2.1	–2.8	–3.1	–1.0	–3.0	–3.8	–2.1	–3.3	–3.0	–1.7	–2.9	–3.1
in last 52 weeks	2.8	29.7	17.2	15.9	3.0	23.0	16.5	19.4	19.4	16.4	8.8	20.7

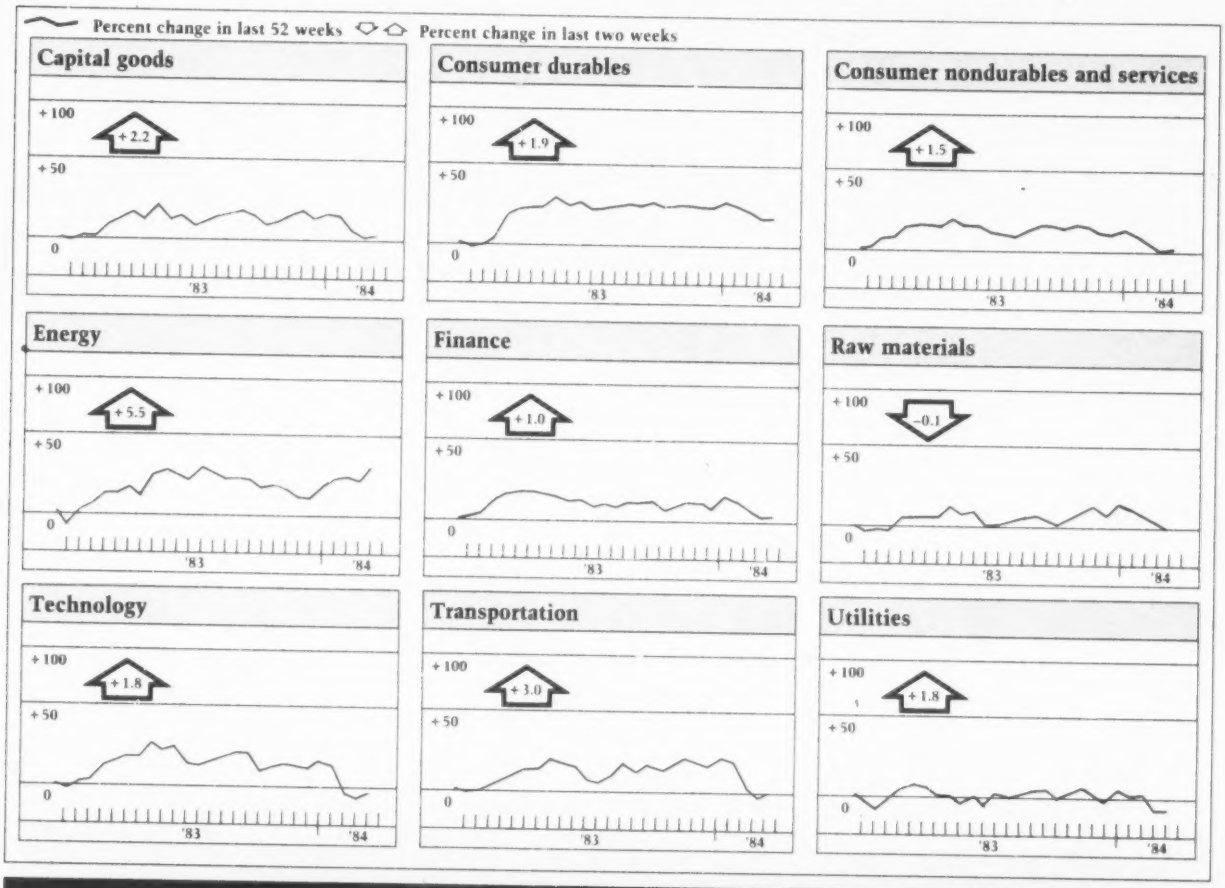
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/2/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Wildcatter's paradise. Oil mergers, both real and imagined, continue to push energy shares ahead of the pack. This group shows the best two- and four-week performance. In fact, although all sectors but raw materials gained ground during the last ten trading days, energy shares are the only group to register a four-week advance. And with a 25.1% gain for the year, the oils are now clearly ahead of the other eight sectors.

Transportation, with a 3% rise, posted the second-best record over the last two weeks. These stocks pulled out of the dive they entered early in 1984. Utilities, up 1.8%, also bucked their recent downtrend. And capital goods and services posted a 2.2% increase. The finance group, meanwhile, came in next to last with a 1% gain.



What The Analysts Think

Backward flip. Last issue, transportation shares showed the best two-week change in 1984 earnings estimates. Now this group shows the biggest drop. But these stocks aren't alone. Analysts continue to scale back many 1984 forecasts. The only exception: consumer durables, which rated a 0.77% increase over the two-week period.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.76	11.7
1984 estimates	4.29	8.0
1985 estimates	5.32	6.5

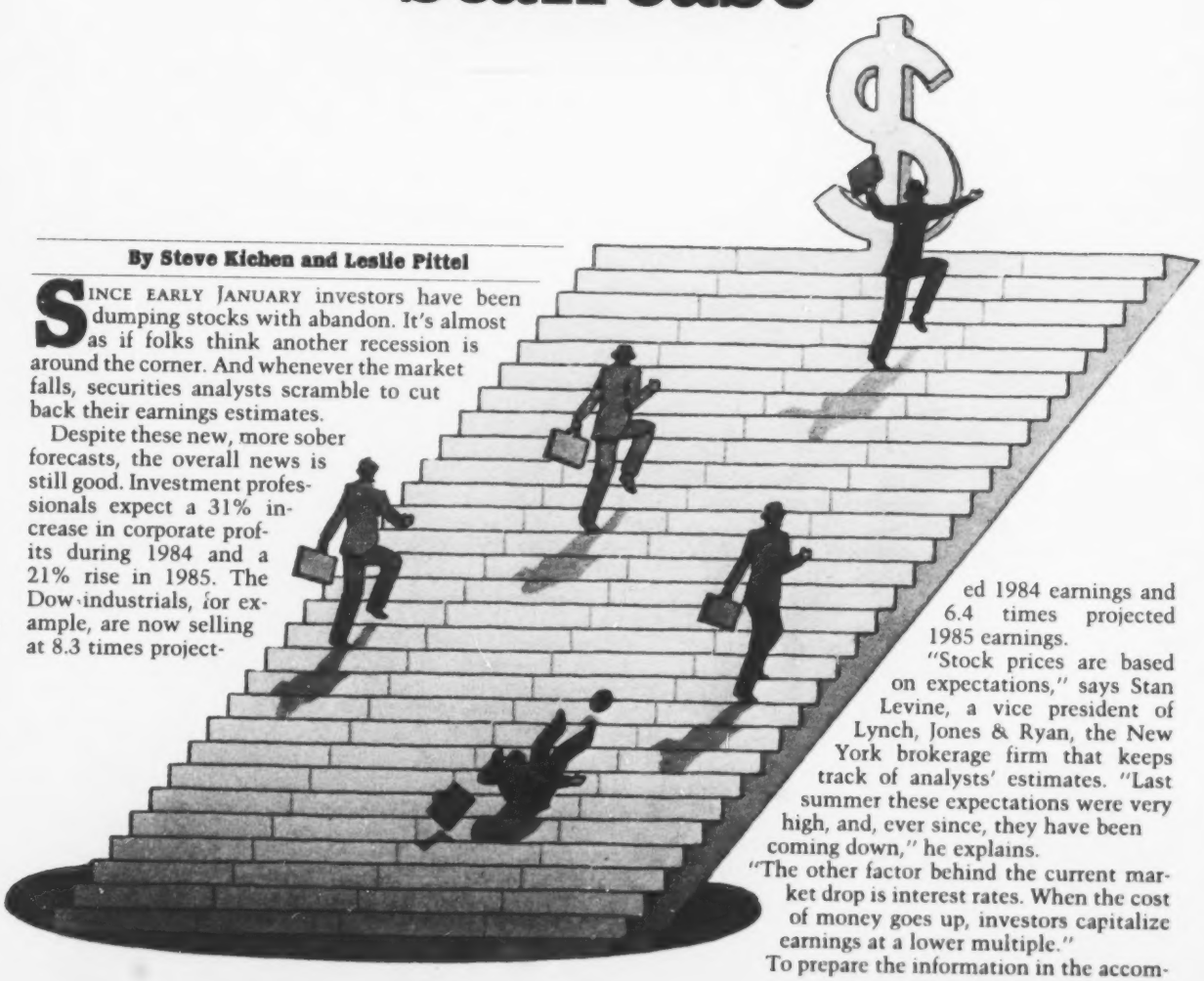
Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Consumer durables	$3.15	0.77%	-0.63%
2	Utilities	3.61	-0.09	-0.94
3	Raw materials	3.24	-0.30	-1.07
4	Consumer nondurables	2.71	-0.36	-1.53
5	Technology	1.93	-0.52	-1.92
6	Finance	4.02	-0.62	-2.71
7	Capital goods	2.36	-0.94	-1.86
8	Energy	2.77	-1.07	-2.77
9	Transportation	2.96	-1.63	-0.58

Earnings projections are equal-weighted consensus estimates from over 1,400 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 3/2/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Analysts' estimates are coming down. But don't be dismayed. With a few exceptions, this will still be a very good year for corporate earnings. Here are 67 companies where profits should at least double in 1984 and 12 where declines should be steepest. Also included: 92 firms where the pros have sharply revised their opinions during the past six months.

Up the down staircase



By Steve Kichen and Leslie Pittel

SINCE EARLY JANUARY investors have been dumping stocks with abandon. It's almost as if folks think another recession is around the corner. And whenever the market falls, securities analysts scramble to cut back their earnings estimates.

Despite these new, more sober forecasts, the overall news is still good. Investment professionals expect a 31% increase in corporate profits during 1984 and a 21% rise in 1985. The Dow industrials, for example, are now selling at 8.3 times projected 1984 earnings and 6.4 times projected 1985 earnings.

"Stock prices are based on expectations," says Stan Levine, a vice president of Lynch, Jones & Ryan, the New York brokerage firm that keeps track of analysts' estimates. "Last summer these expectations were very high, and, ever since, they have been coming down," he explains. "The other factor behind the current market drop is interest rates. When the cost of money goes up, investors capitalize earnings at a lower multiple."

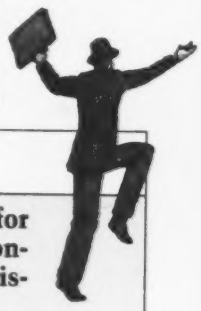
To prepare the information in the accom-

Statistical Spotlight

panying tables, we used the data in Lynch, Jones & Ryan's Institutional Brokers Estimate System. It is an electronic database that contains earnings projections from more than 1,800 securities analysts and covers roughly 3,000 companies. In our computer screens—done with Micro/Scan software—we eliminated firms with fewer than three earnings estimates, which minimizes the effect any one analyst can have on the data. We also excluded companies for which estimates or reported earnings were lower than 50 cents per share.

The first table, which begins below, includes 67 companies that should be the profit-improvement stars of 1984. Wall Street expects their earnings for the year to be up 100% or more from 1983. Near the top of this list is Clark Equipment. Demand for its forklift trucks and construction equipment is increasing impressively. The Michigan-based firm earned 86 cents per share last year, but the consensus of ten analysts is that the 1984 total should be $3.28. For 1985 its results should be even brighter, with earnings of $5.25.

Pay particular attention to the confidence factor that appears in the last column of each table. It indicates the level of agreement among analysts. Clark, for example, rates "very low." Estimates of its 1984 earnings range from $2.50 to $5. The disagreement is over how hard Clark will be hit by foreign competition and how much the company's restructuring plans



Where earnings are thought likely to climb

Wall Street expects sharply higher earnings from these 67 issues in 1984. At today's prices, 22 now sell at less than 8 times their 1984 estimates. But beware. Many of the estimates for these firms carry low or very low confidence factors because of wide disagreement among analysts.

Company/business	Recent price	Earnings per share 1983	Earnings per share 1984 est	Earnings per share % change	Estimated 1984 P/E	Estimates number	Estimates confidence factor
Crown Central Petrol/integrated oil	18⅞	$0.65e	$4.42	580%	4.3	3	very low
BF Goodrich/tire & rubber	32⅞	0.68	3.98	486	8.3	14	low
Alcan Aluminium/aluminum	33¾	0.81	4.38	441	7.7	18	low
Singer/sewing machines	23½	0.64	2.93	358	8.0	14	low
Foxboro/electrical equipment	30¾	0.61e	2.34	285	13.1	13	low
Clark Equipment/construction equipment	33¼	0.86	3.28	282	10.3	10	very low
Black & Decker/hand tools	24⅞	0.65	2.07	218	12.0	11	low
Signal Cos/aerospace	27¼	0.90	2.79	210	10.0	11	average
Louisiana-Pacific/paper & forest prods	25	0.79	2.44	208	10.2	21	very low
Georgia-Pacific/paper & forest prods	22⅛	0.97	2.95	204	7.5	23	low
Hyster/industrial equipment	68⅜	1.82e	5.50	202	12.4	6	low
General Datacom Inds/computer equipment	27⅜	0.50	1.45	190	18.9	7	average
Arrow Electronics/electronics	21⅛	0.77e	2.15	179	9.8	4	high
Mead/paper & forest prods	34⅜	1.30	3.61	178	9.5	17	low
Chesapeake Corp Va/packaging & containers	33¼	1.33	3.57	169	9.3	7	average
St Regis/paper & forest prods	36¼	1.41	3.76	167	9.6	20	average
Texas Inds/textiles	35	1.82e	4.80	164	7.3	6	low
Champion Intl/paper & forest prods	23⅞	1.22	3.15	158	7.6	21	low
Paccar/trucks	48½	2.07	5.45	158	8.9	10	low
Stewart & Stevenson/machinery	14⅜	0.51e	1.30	157	11.1	3	low
Coleco Inds/toys, computers	12¼	1.15e	2.96	157	4.1	8	low
Trans World Corp/hotels	25¾	1.29	3.10	140	8.3	15	low
Comdial/telecomm equipment	8	0.55e	1.30	139	6.2	4	low
Puritan-Bennett/health care equipment	19¼	0.87	2.05	136	9.4	3	average
Aluminum Co of Am/aluminum	38⅞	2.03	4.79	136	8.1	22	low
Allen Group/auto parts	21⅞	1.04e	2.44	136	9.0	6	low
Federal Natl Mortgage/mortgages	17⅞	1.13	2.64	133	6.8	15	very low
First City Bancorp Tex/bank holding	18⅞	1.23	2.86	133	6.6	17	low
Del E Webb/hotels, real estate	19½	0.81	1.88	133	10.4	6	very low
American Maize-Prods/food processing	16¼	1.03e	2.40	132	6.8	3	very low
Lotus Development/computer software	34½	0.98	2.27	131	15.2	6	very low

e: estimate.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

Statistical Spotlight

will penalize current profits.

Some industry groups get more than their share of good news. Paper and forest products firms are earnings-gain standouts. Analysts expect Louisiana-Pacific to see profit increases of 208%, with per-share results rising from 79 cents to $2.44. Boise Cascade and Georgia-Pacific should do almost as well. Capital goods producers will see good times, too. Paccar, which makes over-the-road trucks, should post a 158% earnings gain. Foxboro, a maker of electrical equipment, should enjoy an earnings rise of 285%.

But the future isn't always rosy. Take a look at the second table, which appears on page 232. There are relatively few companies that analysts think will show sharp earnings declines this year, but this is where you'll see them. The list includes 12 firms where the profit forecast calls for earnings dips of 27% or more. Nearly half the companies here are in energy or energy-related businesses.

Consider the plight of Helmerich & Payne, a Tulsa-based oilfield services company. Its shares trade today for less than half their 1981 highs, and earnings have fallen accordingly. If analysts' projections are right, profits will be even worse next year. But investors who bet against the crowd might score big gains. Note, too, that

Where earnings are thought likely to climb

Company/business	Recent price	Earnings per share 1983	Earnings per share 1984 est	Earnings per share % change	Estimated 1984 P/E	Estimates number	Estimates confidence factor
Willamette Inds/paper & forest prods	32¼	$1.46	$3.36	130%	9.6	19	low
Boise Cascade/paper & forest prods	37¾	1.91	4.36	128	8.7	21	low
Michigan National/bank holding	19¼	1.36	3.10	128	6.2	3	low
Research-Cottrell/machinery	15	0.55	1.25	127	12.0	8	very low
Weyerhaeuser/paper & forest prods	30⅝	1.36	3.09	127	9.9	24	low
MGM/UA Home Ent Grp/recreation	23	0.78	1.77	127	13.0	4	high
Nashua/office equipment	23⅛	1.70	3.85	127	6.0	5	high
Data General/computers	41½	0.96	2.15	124	19.3	29	low
Republic Auto Parts/auto parts	9¼	0.50	1.11	123	8.3	4	average
Dekalb AgResearch/food processing	24½	1.07	2.37	121	10.4	9	low
Forest Labs/pharmaceuticals	19⅞	0.64e	1.40	121	31.1	6	low
Federal Paper Bd/paper & forest prods	37	1.97	4.32	119	8.6	8	low
Xtra Corp/trucking, leasing	26⅜	1.51	3.31	119	8.1	6	average
Moore McCormack Res/metals & mining	23	1.33	2.91	119	7.9	9	very low
Carpenter Tech/specialty steel	47¼	1.86	4.04	117	11.7	9	low
Esterline/precision instruments	29	0.91	1.98	117	14.7	7	low
Koppers/chemicals	18¾	0.81	1.76	117	10.7	11	low
Arkansas Best/trucking & leasing	18½	1.65	3.57	116	5.2	3	low
Mark Controls/electrical equipment	12½	0.61e	1.30	114	9.6	7	low
First Commerce/bank	20¾	1.57	3.36	114	6.2	[illegible]	low
Omark Inds/machinery	20½	0.94	2.01	114	10.2	6	average
First Security/bank holding	21⅛	1.75	3.72	113	5.7	5	low
SFE Technologies/electronics	17	0.62	1.32	112	12.9	3	low
Dow Chemical/chemicals	28¼	1.50	3.18	112	8.9	27	low
Food Lion/grocery stores	8¾	0.53	1.12	112	7.8	6	very low
People Express Airlines/airline	15⅝	0.57	1.21	112	12.9	11	very low
CTS Corp/electronics, metal prods	25	1.61e	3.39	110	7.4	5	high
Bearings Inc/machinery	32¼	1.35	2.85	110	11.3	6	average
JP Stevens/textiles	22¼	1.09	2.27	108	9.8	7	low
Kollmorgen/precision instruments	26½	0.91	1.89	108	14.0	7	average
Peoples Ban Corp/banking	21¾	1.59	3.28	106	6.6	3	very low
American President Cos/maritime	26⅜	2.33	4.79	106	5.6	4	average
Brockway/packaging & containers	15⅞	0.77	1.56	104	10.2	7	very low
Lennar/building	14⅓	0.91	1.84	103	7.8	3	very low
McGraw-Edison/electrical equipment	35⅞	1.92	3.89	103	9.2	12	low
Sheller-Globe/auto parts	22½	1.93	3.87	101	5.8	5	very low

e: estimate.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp.

Where earnings are thought likely to stumble

Although securities analysts have been cutting back their earnings estimates since last summer, most companies are still expected to fare better in 1984 than they did in 1983. The following 12 firms are among the few where a per-share decline of 27% or more is expected.

Company/business	Recent price	Earnings per share 1983	Earnings per share 1984 est	Earnings per share % change	Estimated 1984 P/E	Estimates number	Estimates confidence factor
Atwood Oceanics/oilfield services	16½	$5.95	$1.42	–76%	11.6	3	very low
Cooper Labs/health care prods	11½	1.60	0.66	–59	17.4	4	average
Sabine/integrated oil	20¼	2.44	1.04	–57	19.5	17	low
Metromedia/broadcasting	36⅛	3.45	1.57	–55	23.0	7	average
Seibels Bruce Group/insurance	19½	1.54	0.76	–51	25.7	5	very low
Zapata/oilfield services	19⅛	2.45	1.32	–48	14.5	14	very low
Apple Computer/computers	25⅛	1.28	0.78	–39	32.2	23	very low
Williams Electronics/recreation	5¼	1.31	0.67	–38	8.6	3	very low
Paine Webber/securities brokerage	25⅜	5.53	3.74	–32	6.9	4	low
Petro-Lewis/oil, gas expl, dev, prod	6⅛	1.30	0.91	–30	6.7	7	very low
Helmerich & Payne/oilfield services	22¼	1.90	1.34	–29	16.6	18	very low
Commonwealth Energy/electric utility	19⅝	4.63	3.37	–27	5.8	4	high

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

Statistical Spotlight

for most of the energy firms in this table, there is unusually high disagreement among the professionals.

The final two lists present major changes in earnings estimates that have occurred during the past six months. The third table, beginning below, includes 57 companies for which analysts have increased their 1984 estimates by 15% or more since August 1983. Our fourth table, on page 236, presents the other side of the coin: 35 companies for which estimates have been cut back 30% or more over the last six months.

Three computer makers appear on this list of bad-news bears. Six months ago analysts felt that Apple would earn close to $2.31 a share this year. But now they are anticipating earnings of only 78 cents. A similar downward revision hit Digital Equipment. Its anticipated 1984 earnings have fallen from $7.48 to $5.16.

Then there is Coleco, currently one of the most controversial companies around. Despite the rough launch of its innovative Adam personal computer and the

Upstairs

Six months ago analysts were not particularly keen on these stocks. But since then they have raised their forecasts by 15% or more. In addition, many of these shares sport high or very high confidence factors. This means current prices could reflect much of the anticipated earnings growth.

Company/business	Recent price	1983 EPS	1984 estimates 8/15/83 EPS	1984 estimates recent EPS	1984 estimates % change	1984 estimates number	1984 estimates confidence factor
Transohio Financial/savings & loan	11¼	$1.41	$1.00	$2.38	138%	3	low
United Cable TV/cable TV	25⅞	0.82e	0.97	1.44	48	5	low
Occidental Petroleum/oil & gas, chem, food	26⅞	1.06	1.39	2.01	45	12	very low
Phillips-Van Heusen/apparel	19	2.82	1.99	2.82	42	3	high
Gerber Scientific/computer equipment	21⅞	1.28	1.20	1.68	40	3	low
Advanced Micro-Dev/electronics	27⅝	1.09	1.31	1.82	39	22	low
Magic Chef/appliances	32¼	2.71	3.73	5.19	39	7	average
Vicorp Restaurants/restaurants	16	0.85	1.12	1.55	38	5	high
Brunswick/recreation	27	2.92	2.60	3.56	37	10	average
National Gypsum/building materials	33⅝	3.01	3.71	5.02	35	10	low

e: estimate.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from ISYS Corp.

Upstairs

Company/business	Recent price	1983 EPS	1984 estimates 8/15/83 EPS	1984 estimates recent EPS	1984 estimates % change	1984 estimates number	1984 estimates confidence factor
Standard Microsystems/electronics	19⅛	$0.78	$0.88	$1.17	34%	6	high
Advanced Semicond Mtls/electronics	24	0.92e	1.28	1.70	33	3	low
Celanese/chemicals	70¼	6.89	7.47	9.86	32	21	high
Data I/O/computer services	12¾	0.72	0.80	1.06	32	4	low
Natl Semiconductor/electronics	13	0.68	0.91	1.19	31	22	low
US Gypsum/building materials	54	4.77	5.66	7.41	31	12	low
Chrysler/auto	28⅝	2.35	8.46	11.00	30	18	very low
Dataproducts/computer equipment	23⅞	1.27	1.79	2.31	29	8	average
Primark/natural gas	24⅜	2.32	3.02	3.84	27	7	high
Conair/appliances	19½	1.23e	1.39	1.77	27	3	very high
Robertshaw Controls/control systems	25⅞	2.93	2.76	3.51	27	5	very high
Stewart Info Svcs/insurance	25	3.92	3.71	4.68	26	3	low
Intel/electronics	32½	1.05	1.45	1.83	26	27	average
Molex/electronics	33¾	1.11	1.39	1.75	26	10	high
Alexander & Baldwin/maritime	54½	5.76	5.18	6.48	25	6	high
Elscint/health care equipment	15¾	1.40	1.45	1.81	25	7	low
Robinson Nugent/industrial equipment	15¾	0.51	0.74	0.92	24	5	low
Ultimate Corp/computer equipment	15⅜	0.97e	1.13	1.40	24	3	low
Burlington Northern/railroad	86⅛	10.80	10.67	13.12	23	24	high
Collins & Aikman/textiles	30½	4.30	4.05	4.94	22	12	high
Pyro Energy/diversified energy	6⅞	0.83	0.80	0.98	22	4	high
United Stationers/office prods	27¼	1.30	1.41	1.72	22	5	high
Rohr Inds/aerospace	31½	3.68	3.63	4.43	22	8	high
Silicon Valley Group/equipment for semicond ind	21	0.76	1.02	1.25	22	4	very high
Teradyne/precision instruments	30¼	1.03	1.30	1.58	22	19	high
Honda Motor/auto	43¼	4.19	4.16	5.03	21	3	high
City Federal S&L/savings & loan	10⅛	2.60	2.29	2.75	20	4	low
McDermott Intl/oilfield services	27¼	2.69e	2.30	2.76	20	13	very low
Emulex/computer equipment	36¼	0.98	1.58	1.90	20	5	high
AFG Inds/building materials	18½	1.43	1.77	2.11	19	5	high
Federal Co/food processing	30⅝	3.47e	3.50	4.17	19	3	high
Intl Kings Table/restaurants	14⅛	0.92	1.36	1.62	19	4	high
AMR Corp/airline	29¾	4.19	4.09	4.87	19	21	low
Franklin Electric/electrical equipment	18¼	1.48	1.67	1.97	18	3	high
Herman Miller/furniture	22⅞	1.55e	1.60	1.89	18	7	high
Levitz Furniture/retail	30¼	3.09	3.50	4.13	18	4	high
Ford Motor/auto	39	10.29	9.72	11.48	18	18	average
Mead/paper & forest prods	34⅛	1.30	3.09	3.61	17	17	low
General DataComm Inds/electronics	27¾	0.50	1.21	1.41	17	7	high
Van Dorn/containers	24⅜	2.22e	2.70	3.13	16	3	average
Williams Cos/chemicals	26⅛	1.79	2.60	3.02	16	15	very low
Wyle Labs/electronics	17	1.04	1.54	1.79	16	5	high
Justin Inds/building materials	22	1.89	2.27	2.63	16	4	low
Washington Gas Light/natural gas	30	4.27	3.77	4.34	15	3	very high
Canon/prec inst, office equipment	30¾	1.36e	1.40	1.61	15	3	high
Limited Inc/retail	19¾	1.16e	1.35	1.55	15	8	high
Philips Inds/manufactured homes	12	1.42e	1.58	1.82	15	6	high

e: estimate. *Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp.*

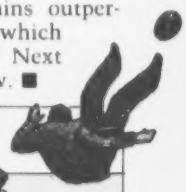
Statistical Spotlight

42% six-month drop in the firm's 1984 earnings estimate, analysts still expect Coleco to earn $2.96 a share this year. This represents a sizable jump from the anticipated $1.15 for fiscal 1983 and a price/earnings ratio of slightly more than 4 times estimated 1984 earnings.

But here is where numbers can play tricks. That $2.96 consensus is really an average of sharply disagreeing estimates. These range from $1.50 to $3.50. As you might expect, the level of confidence for this company is "low."

Maverick investors, of course, can sometimes score big by defying the prevailing Wall Street logic (remember Chrysler and Pan Am). But stocks like Coleco are for the venturesome investor only.

One final question: Will the companies that are expected by analysts to report juicy earnings gains outperform those companies for which the forecast is negative? Next year we will let you know. ■



Downstairs

Since last August analysts have lowered their earnings estimates on this out-of-favor group by 30% or more. With few exceptions these stocks have low or very low estimated confidence factors. But this could spell opportunity: If the optimistic analysts are right, share prices could rise sharply.

Company/business	Recent price	1983 EPS	1984 estimates 8/15/83 EPS	1984 estimates recent EPS	1984 estimates % change	1984 estimates number	1984 estimates confidence factor
Williams Electronics/recreation	5¼	$1.31	$2.22	$0.67	–70%	3	very low
Apple Computer/computers	25⅛	1.28	2.31	0.78	–66	23	very low
Orion Pictures/entertainment	12	0.80e	3.00	1.28	–57	3	very low
Callahan Mining/mining	22⅛	0.64e	1.46	0.69	–53	4	very low
Asarco/nonferrous metals	31	1.54	4.15	1.98	–52	15	very low
Paine Webber/securities brokerage	25⅝	5.53	6.78	3.74	–45	4	low
Seibels Bruce Group/insurance	19½	1.54	1.36	0.76	–44	5	very low
Newmont Mining/mining, oil and gas	46¾	1.73	5.52	3.20	–42	17	low
Coleco Inds/toys, computers	12¼	1.15e	5.09	2.96	–42	8	low
Merrill Lynch/securities brokerage	25¾	2.68	6.11	3.61	–41	10	low
Tidewater/oilfield services	25	1.13e	2.80	1.66	–41	12	low
Times Fiber Comm/coaxial cable	9¼	0.55	1.56	0.93	–41	5	average
Reeves Communications/entertainment	10	0.62	1.58	0.99	–37	7	low
Union Planters/bank holding	19	1.32	3.42	2.17	–37	3	very low
Pacific Scientific/precision instruments	13⅞	1.98	2.57	1.65	–36	3	high
Electro-Biology/health care equipment	8¼	0.55e	1.43	0.92	–36	6	low
Fluor/construction, resources	19⅝	0.95	1.93	1.24	–36	15	low
Helmerich & Payne/oilfield svcs	22¼	1.90	2.06	1.34	–35	18	very low
Petro-Lewis/oil, gas expl, dev, prod	6⅛	1.30	1.38	0.91	–34	7	very low
National Ed Corp/training	24⅞	0.88	2.02	1.33	–34	5	low
General Instrument/electronics	30⅜	1.35	3.94	2.61	–34	13	average
Federal National Mtge/mortgages	17⅞	1.13	3.95	2.64	–33	15	very low
MCI Communications/telecommunications	10⅜	0.93e	1.55	1.04	–33	27	low
Wyman-Gordon/metal fabricating	29½	2.41	3.24	2.17	–33	12	low
CBI Inds/steel	29⅜	2.36	3.69	2.48	–33	12	low
Reading & Bates/oilfield services	11⅛	1.05	1.38	0.93	–33	18	very low
Enstar/oil & gas	13⅜	1.48	3.29	2.22	–33	6	low
Research-Cottrell/machinery	15	0.55	1.84	1.25	–32	8	low
US Home/building	9⅛	0.80	1.85	1.26	–32	14	low
EF Hutton/securities brokerage	27	4.42	6.34	4.32	–32	7	average
Briggs & Stratton/small motors	30¼	2.20	3.36	2.32	–31	9	low
Digital Equipment/computer equipment	85¼	5.00	7.48	5.16	–31	37	low
Metromedia/broadcasting	36⅛	3.45	2.28	1.57	–31	7	high
Valero Energy/natural gas	19	2.22	4.58	3.16	–31	12	low
Whittaker Corp/health care equip	19¼	2.55	4.36	3.05	–30	9	very low

e: estimate. *Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via MicroScan from ISYS Corp*

APRIL 9, 1984 THREE DOLLARS

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EVERYTHING YOU NEED TO KNOW ABOUT LEVERAGED BUYOUTS

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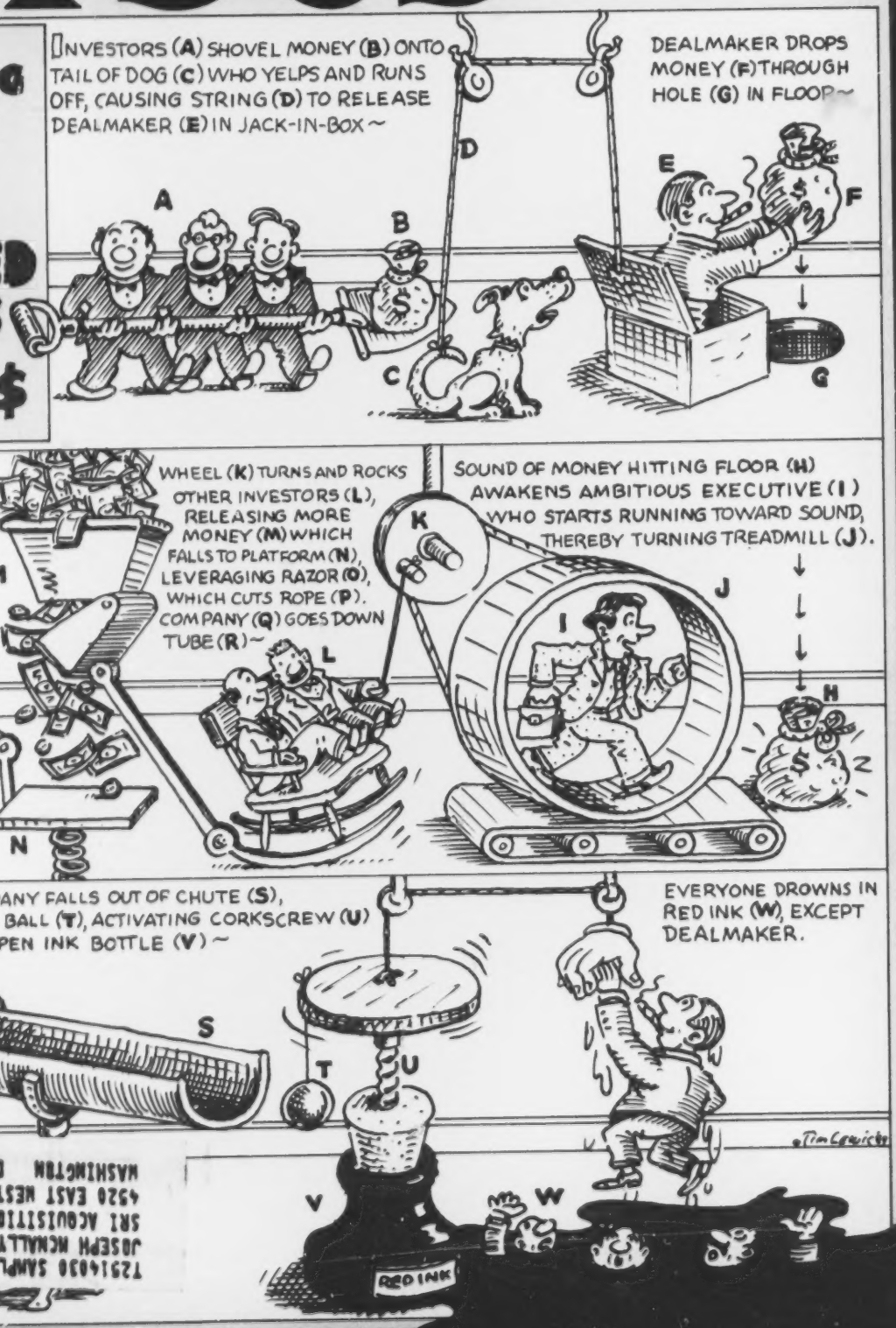
INVESTORS (A) SHOVEL MONEY (B) ONTO TAIL OF DOG (C) WHO YELPS AND RUNS OFF, CAUSING STRING (D) TO RELEASE DEALMAKER (E) IN JACK-IN-BOX ~
DEALMAKER DROPS MONEY (F) THROUGH HOLE (G) IN FLOOR ~
WHEEL (K) TURNS AND ROCKS OTHER INVESTORS (L), RELEASING MORE MONEY (M) WHICH FALLS TO PLATFORM (N), LEVERAGING RAZOR (O), WHICH CUTS ROPE (P). COMPANY (Q) GOES DOWN TUBE (R) ~
SOUND OF MONEY HITTING FLOOR (H) AWAKENS AMBITIOUS EXECUTIVE (I) WHO STARTS RUNNING TOWARD SOUND, THEREBY TURNING TREADMILL (J).
COMPANY FALLS OUT OF CHUTE (S), HITS BALL (T), ACTIVATING CORKSCREW (U) TO OPEN INK BOTTLE (V) ~
EVERYONE DROWNS IN RED INK (W), EXCEPT DEALMAKER.
RED INK
Tim Gravich

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T2514030 SAMPLE 228F
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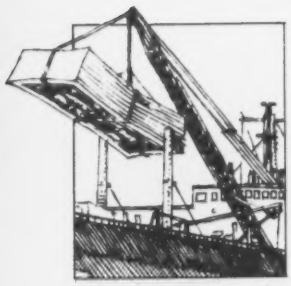

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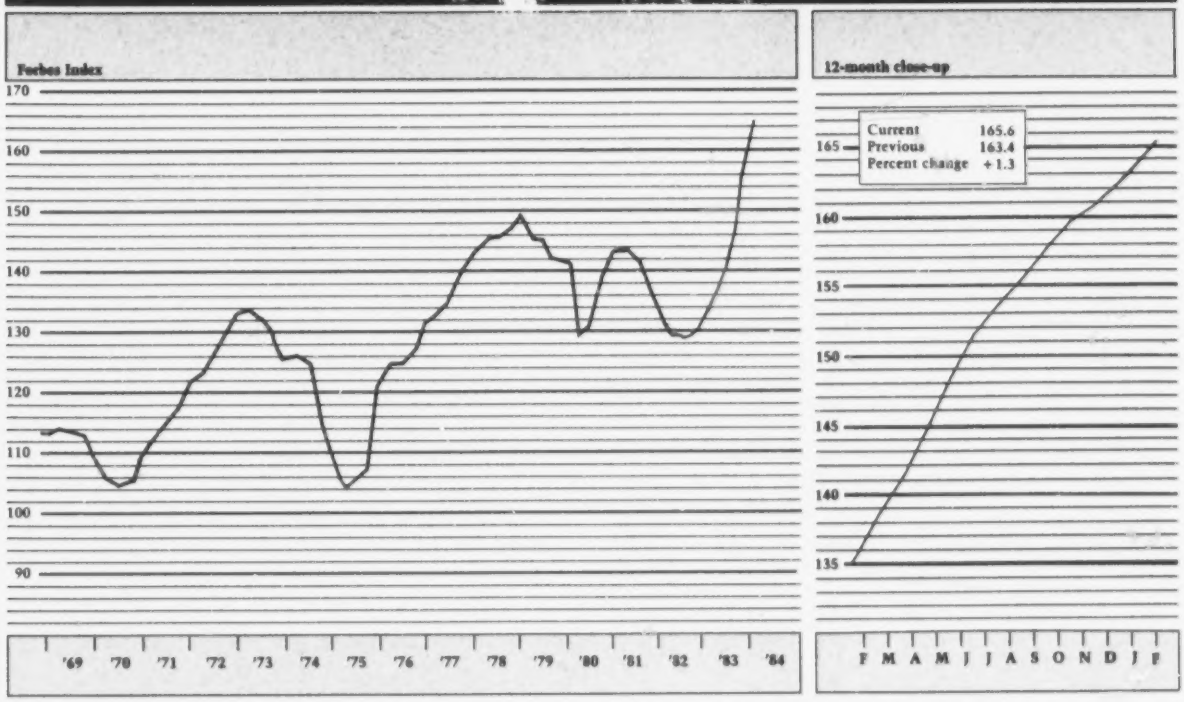
The Forbes Index



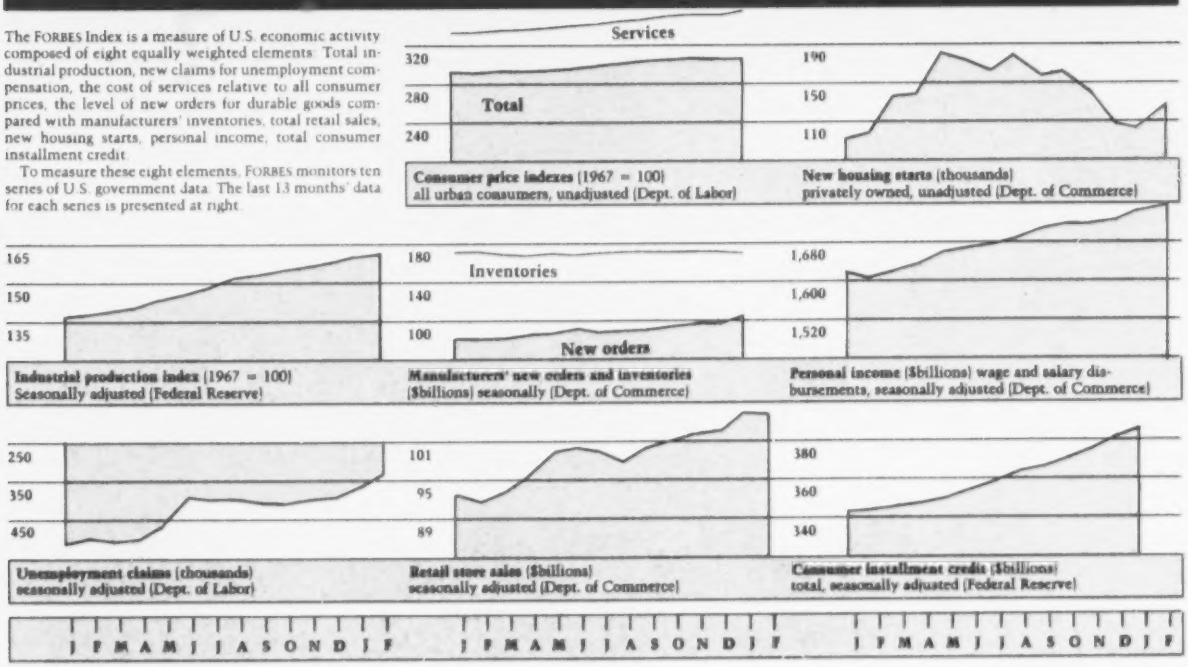
Hot streak. The Forbes Index, with a 1.3% gain in the latest reporting period, continues to climb. The strongest push came from a 16.7% rise in new housing starts. Industrial production shows a month-to-month rise of 1.2%. And new unemployment claims fell 5.6% from January to February. The ranks of the newly unemployed are now some 28.4% smaller than they were one year ago. Retail sales for February 1984 were up 16.3% over February 1983. This figure, however, declined 0.2% from January to February 1984, thanks, in part, to harsh weather.

Watch the overall Consumer Price Index. The January rise in this indicator signaled higher inflation. If the trend accelerates, both the recovery and the Forbes Index could suffer.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Steve Heller and Jim Edgette weren't the first personal computer retailers. But they knew how to succeed.

Smarter and richer

By Paul B. Brov

WHEN STEVEN B. HELLER and James Edgette decided to start a chain of computer stores three years ago, it might have seemed a little late in the game. In ComputerLand, a privately held, well-established chain that already had gone national (FORBES, *Dec. 5, 1983*), the two Virginia entrepreneurs faced heavyweight competition. Yet, starting from scratch, they have made their Entré Computer Centers, Inc., with 145 stores, the country's largest independent retail computer chain next to ComputerLand.

Heller, a computer specialist, and Edgette, a professional marketing man, have become a little cocky along the way. If knocking the competition were the name of the game, Entré (pronounced AHN-tray) would be number one. Listen to Edgette: "If ComputerLand had done things right, we never would have gone into business. But they do reactive selling. At ComputerLand it's much like what happens at the 7-Eleven. You walk in, tell them what you want and they give it to you."

Really? Customers questioned by FORBES felt there was little difference in the service between the two chains. In many ways it is hard to tell the stores apart. William Millard, founder and chairman of ComputerLand, suggests that Entré succeeds because the market is growing so fast that there has been room for plenty of competitors. Says Millard: "This is not like many industries, where to succeed you must take market share away from someone else. There is a tremendous need out there for sales, support

Entré Computer Centers' Jim Edgette and Steve Heller
Wanted: people who can't tell a gigabyte from a Gidget movie.

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and quality. Anybody who provides professional service will do well."

Moreover, Heller and Edgette are a bit off the mark in thinking that ComputerLand has somehow gone wrong. It will probably sell about $1.5 billion in computer gear this year, nearly 4 times Entré's revenues. ComputerLand is enormously profitable, too, with pretax margins of 42%. Entré, based in Vienna, Va., must write off a lot more startup costs before Heller and Edgette are able to come close to those margins.

But Entré is also unquestionably successful, and Heller and Edgette did their homework. After 18 months, largely spent in researching existing computer store franchises, they decided that they couldn't miss if they addressed the needs of potential customers who didn't know a gigabyte from a Gidget movie.

"If you can find out what the customer wants to do and show him that the machine will do it, you don't have to be the cheapest," Edgette says. Thus Entré has avoided discounting, and it won't even handle computers selling for less than $1,000.

Heller and Edgette are a pair of born entrepreneurs. By 1979, when they were each 38, they had built a company called Acuity Systems, Inc., which marketed an ocular device to ophthalmologists and optometrists, to the point where they were able to sell it for $16 million. That gave them a stake for another venture. Personal computer sales that year were only $200 million but were projected at $18 billion in 1987. That was too good a market for Heller and Edgette to ignore.

To test their ideas, they opened a store in McLean, Va. in October 1981. Its sales soon exceeded those at the average ComputerLand franchise. Entré is still expanding fast. Another 85 stores should open by the end of the year, and hundreds more are planned for years to come.

More than half of Entré store sales come from International Business Machines products. IBM no longer looks quite so invincible. Sales of the PCjr haven't met projections, for example. Moreover, the contract that makes Entré an authorized IBM dealer could be canceled on only 90 days' notice. Not to worry, Edgette says. "Our comfort level on that is high. We work very hard to keep our relations good." Entré has a map that shows the location of all IBM-authorized dealers in the country. Entré does not sell franchises near them. Why anger your largest supplier?

An Entré franchise does not come cheap. To get one, retailers pay $40,000 as a franchise fee to Entré, and then a royalty of 8% of sales and another 1% to cover corporate advertising. For that they get Entré's name, intensive training, professional marketing help and a chance to run a business with more than $1 million in annual sales and pretax margins around 10%. But they must draft their own business plan, and they must buy almost all their computer products through Entré, which imposes a 1% markup for overhead costs that, it could be argued, should be covered by the 9% they are already paying. And while the franchisees pay cash on delivery, Entré takes 30 days to pay its suppliers.

If all this sounds a bit stiff, it is similar to the terms that ComputerLand imposes on its franchisees. William Jennings, the Entré franchisee on Commercial Street in Portland, Me.,

The big three in computer retailing

In the booming computer retail market nothing stays the same for very long. Entré, which had just one-fifth the number of stores compared with ComputerLand in December 1983, should be two-fifths the size of rapidly growing ComputerLand by year-end. Margins are enviable for both.

Company	Founded	Franchisor	Computer centers as of 12/31/83	Computer centers as of 12/31/84	Projected stores sales[1]	Projected company revenues[2] (millions)	Estimated company pretax earnings
ComputerLand	1976	Yes	602	942	$1,800	$190	$80
Radio Shack (subsidiary of Tandy Corp)	1978	No	538	738	1,000	1,000	232
Entré	1981	Yes	132	365	425	39	13

[1]Includes worldwide sales. [2]For ComputerLand and Entré corporate revenues include: sales of new franchises, revenues from company-owned stores, royalties from sales made by franchises plus markup on sales of computers sold to franchisees. Note: Dollar figures are as of Dec. 31, 1984.

The Up & Comers

thinks that paying 9% is high. Still, says Jennings, "If I were running Entré, I don't know that I would make it any different." Conversations with other franchisees reveal no real disenchantment. Their yearly profits, after all, are averaging more than $100,000, and some achieve results several times that, within months of opening their stores.

Is there no worm in this apple? Alas, perhaps there is. Right now customers are awed by computers and feel more confident, or less frightened, shopping in a specialty computer store. But as computers become more familiar and brand names established, price will become more important. Manhattan's 47th Street Photo *(see p. 74)* already has become a powerful off-price mail-order distributor of computers and computer products. It is easy to talk of price "de-emphasis," as Edgette and Heller are fond of doing, but the history of consumer electronics offers small comfort to those who believe in the permanence of high margins.

Still, all such concerns are probably premature. Edgette says, with justification: "These worries about the shakeout in computer retailing are legitimate, but only 7% of the market has been saturated. Right now the marketplace is very forgiving."

And, for Entré, rewarding. First-quarter sales were $24 million, up from $1.4 million a year ago. Earnings equaled 13 cents a share against a loss a year earlier caused by startup spending. Entré is likely to earn 75 cents a share for the full fiscal year ending Aug. 31.

While growth continues in the U.S., Europe remains untapped. But Entré expects to sell 300 or 400 franchises there. The first store in Europe should open soon. As volume builds, sale of new franchises becomes less important. The bulk of Entré's earnings, like ComputerLand's, is now coming from royalties rather than one-time franchise fees.

When Entré went public last summer, Heller and Edgette kept a total of 52% of Entré's 9 million shares. Since then each has reduced his holding to 21%, but they still firmly control the company. By the time they sold their first company, Acuity, venture capitalists owned 90% of it. With Entré the partners got a little smarter and a lot richer.

Oakwood Homes' Nicholas St. George
Profitably mobile.

The $17,000 single-family home

Nicholas St. George, 45, is one of those outside corporate directors who ended up running the company (FORBES, *Mar. 12*). The company is Oakwood Homes, a small but exceptionally prosperous manufacturer of mobile homes. The board asked St. George to take charge in 1978, when chief executive James LaVasque was killed in an airplane crash.

St. George hesitated. He liked his job as vice president of Ferguson Enterprises, Inc., a plumbing and heating supplier in Virginia. But St. George wanted "the chance to run my own show," he says. He took over Greensboro, N.C.-based Oakwood.

Instead of retrenching in the face of the worsening housing slump and climbing interest rates, St. George took a gamble. Figuring that more home buyers would settle for low-priced manufactured housing, despite its tacky image, he expanded output

On Wall Street, high tech is cold right now, but broiling hamburgers is hot.

People are going to get burned

By Jessica Greenbaum

CUSTOMERS CAN'T GET enough of the 8-ounce hamburgers and long-neck beer bottles at Fuddruckers, a trendy, San Antonio-based bistro chain. The company even won an injunction to keep a competitor from copying its floor plan, which includes hanging sides of beef and a glassed-in bakery. Investors are captivated, too. Fuddruckers went public last year and now trades at 237 times earnings.

At T.G.I. Friday's, a swinging singles chain with 1940s nostalgia decor, the bartender's bell clangs whenever there's a fat tip. The cash register, however, rings constantly at Carlson Cos., the chain's privately held majority owner. Carlson pulled out a $42 million dividend, which almost erased Friday's net worth, just before serving shares to the public in December at 24 times earnings.

These trendy fast-food outfits are a trend themselves. Flakey Jake's, which sells burgers, alfalfa sprouts and piña coladas to a clientele of what marketers like to call "upscale young professionals," went public in September at $2 a share. Never mind that the folks who control it also operate Sea Galley Stores, a chain that lost $7 million on sales of $17.6 million in the most recent quarter. Flakey Jake's stock doubled, and eager outside investors bought another 1 million shares in February.

Over 30 restaurant chains have gone public in the past year, according to *Going Public*, a Philadelphia-based newsletter. Selling shares doesn't even take a proven idea. Pastabilities, for example, had only one pilot restaurant and was still losing money last July after three years in operation. But the new-issues crowd lined up to buy in at 12 times what insiders paid for their shares.

According to the table below, which profiles 12 firms that have raised money from the public since early 1983, tacos are very hot on Wall Street. So are croissants. Witness Vie de France, another bakery within a bistro. The chain went public in February, at $11.50 a share. New stockholders suffered an immediate 81% dilution: For every $10,000 invested they got $1,900 worth of assets and $8,100 worth of theme.

None of these sizzling restaurants is likely to be the next McDonald's; each has a specialized appeal with, by definition, a limited market. Would-be investors should reflect on theme concepts past.

Bonanza, the home of western-style steak and potatoes, was hot in the early Seventies. But adjusting for inflation, anyone who bought its shares at the 1973 peak and sold when Sam Wyly took the chain private in February lost 80% of his cash. In 1982 pizza-entertainment parlors were more to Wall Street's taste, and Nolan Bushnell's Pizza Time Theater traded as high as 32½. Now the company is losing money, and its shares trade at around $5.

"People buy growth," says Charles Glovsky, an analyst at Eppler, Guerin & Turner, elaborating on the obvious. "Concepts in the food industry keep turning over, so you continually have growth stories." Buying growth is smart if you can find it at a reasonable multiple, but buying growth-past is a sucker's game. ■

Flash in the pan?

Company/*Theme*	—Stock price— recent	latest offering	Latest EPS	12-month P/E	Revenues (millions)	Market value (millions)	Price/ sales ratio
Calibre Corp/*singing mechanical animals*	9	8	$–0.04	NM	$6.3	$27.18	4.30
Chi-Chi's, Inc/*45-minute Mexican gourmet*	17⅞	21¼	0.53	33.7	97.6	470.11	4.82
Chili's, Inc/*hanging plants, frosted mugs*	15½	15	0.55	28.2	37.3	64.02	1.72
Cracker Barrel Old Country Store/*"good country cookin' "; fireplace*	17¼	22¾	0.84	20.5	45.7	48.30	1.06
Cucos Inc/*Gulf Coast Mexican: "wild tostadas" and "macho nachos"*	3½	5	0.12	29.2	2.4	3.92	1.62
Flakey Jake's, Inc/*small-town street decor*	6⅛	4⅛	–0.04	NM	1.6	39.32	25.37
T.G.I. Friday's Inc/*fried potato skins for singles*	11⅝	17½	0.65	17.9	229.5	131.36	0.57
Fuddruckers, Inc/*butcher's showcase*	14¼	7	0.06	237.5	10.1	83.36	8.25
Pastabilities Food Service Corp/*mix-and-match pastas with sauces*	2⅛	5	–0.14	NM	0.4	5.67	14.43
Po Folks Inc/*rustic setting, drinks in Mason jars*	13½	15	0.41	32.9	69.8	59.67	0.85
Rusty Pelican Restaurants/*upscale fish, live entertainment*	12¾	11½	0.70	18.2	30.1	22.70	0.75
Vie de France Corp/*bakery-in-a-restaurant*	11¾	11½	0.47	25.0	43.1	107.87	2.50

NM: Not meaningful.

Last year wasn't a particularly prosperous one for many bankers. But there was some good news. Fee income is growing fast.

There's no such thing as a free check

By Ben Weberman

DESPITE THE GLOOMY STORIES that dominate today's news about banking, everything isn't bad. The industry is only beginning to see the results of a major effort to boost fee income. The growth of these charges, on everything from bounced checks to loan commitments to notarizing signatures, is a major success story for many banks. And having gleefully tacked on hefty charges for whatever they do, most banks are now raising their rates substantially in 1984.

Bankers have been talking about raising fees for at least a decade. But even a few years ago, when nearly all deposits were non-interest-bearing checking accounts, banks everywhere were willing to provide free checking and a multitude of business services to anyone who maintained a certain minimum balance. Using that "free" money, banks presumably earned enough to cover overhead.

Today, in contrast, most corporations have vice presidents in charge of making sure bank balances are as close to zero as possible. If they are not, the objective is to sweep those balances into certificates of deposit and other short-term instruments.

Another fee bonanza is in prospect, thanks to the surge in loan commitments that has developed since the start of the year. Borrowers pay a charge, usually 0.25% of the unused portion of the commitment, whenever they line up a loan. These numbers mount fast. For example, the $12 billion line of credit Arco negotiated in anticipation of buying Gulf could have cost $30 million.

On Wall Street, the effect of all this isn't yet appreciated. Investment analysts still look largely at old-fashioned yardsticks like net interest margins, loan growth potential and capital base. They don't realize that the grow-

Leaders and laggards

Most bank industry performance measures were down last year. Earnings growth took the biggest hit, with the four-year median rate falling from 10.3% to 8.4%. Still, some good performers—like Allied Bancshares, FORBES' profitability leader for four years—continued to do well. Crocker, however, lost big when it created huge loan loss reserves last year. Figures can be misleading. First Pennsylvania, for example, scores poorly on several counts. But it is starting to recover from losses piled up recently.

	Industry median	Highest		Lowest	
Asset growth[1]	11.3%	Banc One	27.6%	First Pennsylvania	–11.0%
Earnings growth[1,2]	8.4	Fidelcor	80.8	Crocker National	P–D
Return on equity[3]	14.3	Allied Bancshares	26.1	First Pennsylvania	–15.6
Net interest margin	4.45	Trust Co of Georgia	6.87	Continental Illinois	2.53

[1]Compound annual rate 1979-83. [2]Per-share figures. [3]Four-year average. P–D: profit to deficit.

1984 Annual Banking Survey

Rank	Total assets	Total deposits	Total loans	Loan loss reserve % loans	Total invest-ments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Noninterest revenues	Net income[2]	Company and headquarters
	1983 size measures ($millions)											
1	$134,655	$79,794	$89,237	0.9%	$5,834	$17,273	$17,992	67.7%	$17,037	$1,840	$860	Citicorp (NY)
2	121,176	95,751	80,342	1.3	7,368	10,139	7,666	33.0	13,299	1,217	390.5	BankAmerica (Cal)
3	81,921	56,300	55,443	1.0	3,418	5,600	5,495	34.9	8,523	864	429.6	Chase Manhattan (NY)
4	64,332	42,284	44,957	1.0[4]	2,913	9,800	5,218	48.8	6,596	619	337.0	Mfrs Hanover (NY)
5	58,023	38,070	33,084	1.5[4]	6,615	4,900	4,112	19.3	5,764	558	460.0	JP Morgan (NY)
6	51,165	32,452	32,710	1.2	4,547	8,126	3,012	23.5	4,903	452	305.6	Chemical New York (NY)
7	44,423	32,031	24,929	1.5	4,852	2,244	3,535	40.8	4,341	463	247.4	First Interstate Bncp (Cal)
8	42,097	29,431	30,359	1.2[4]	1,762	5,593	3,078	40.8	4,381	404	101.2	Continental Illinois (Ill)
9	40,382	27,843	27,006	1.3[4]	2,166	2,442	3,454	47.4	4,323	623	264.3	Security Pacific (Cal)
10	40,003	22,829	23,324	1.3	1,086	6,600	2,212	19.1	3,858	426	256.9	Bankers Trust NY (NY)
11	36,323	27,680	21,910	1.0[4]	1,974	3,885	2,346	25.7	3,675	383	183.5	First Chicago (Ill)
12	27,018	20,361	19,119	1.0	968	1,110	2,880	53.2	2,993	276	154.9	Wells Fargo (Cal)
13	26,433	15,693	15,252	1.7[4]	1,742	1,860	2,042	28.5	2,520	291	183.8	Mellon National (Pa)
14	23,393	18,928	16,081	1.5	691	1,857	1,435	14.3	2,560	192	–10.4	Crocker National (Cal)
15	22,872	16,077	13,123	1.3	1,321	1,241	1,586	34.1	2,156	170	101.1	Marine Midland Banks (NY)
16	21,736	16,909	14,526	2.1	3,279	1,012	1,549	30.0	2,151	156	–171.6	InterFirst (Tex)
17	20,871	13,430	10,959	1.2[4]	4,026	1,267	1,544	27.9	1,928	225	129.7	First Bank System (Minn)
18	19,854	13,552	12,015	1.5	2,859	715	2,580	55.6	2,319	324	125.2	Norwest (Minn)
19	19,538	12,381	11,499	1.2[4]	1,198	988	1,447	30.4	2,599	266	135.7	Bank of Boston (Mass)
20	19,499	13,051	11,467	1.3	2,414	725	1,132	10.0	1,668	110	177.0	Texas Commerce Bshs (Tex)
21	19,082	13,907	11,845	1.2	2,421	878	1,327	26.4	1,736	132	130.2	Republic of Texas (Tex)
22	18,586	12,610	10,411	1.4[4]	1,067	1,006	1,174	29.0	1,836	168	92.5	Irving Bank (NY)
23	17,263	13,714	10,408	2.2[4]	2,686	933	1,007	12.0	1,624	151	49.8	First City Bancorp (Tex)
24	13,245	8,947	5,700	1.4	3,253	357	914	12.7	1,151	77	81.7	NBD Bancorp (Mich)
25	12,808	8,813	6,730	1.2	2,079	334	874	30.3	1,252	125	92.2	NCNB (NC)
26	12,797	9,560	8,035	1.0	1,282	791	762	12.9	1,340	199	90.6	Bank of New York (NY)
27	12,245	7,437	5,876	1.5[4]	2,726	734	1,101	30.5	1,218	158	117.0	PNC Financial (Pa)
28	11,884	9,017	7,457	1.4[4]	1,813	866	851	22.3	1,113	113	100.4	Mercantile Texas (Tex)
29	10,119	7,085	2,632	1.8	1,596	52	968	35.0	990	56	84.7	Republic New York (NY)
30	9,397	8,063	5,091	1.6[4]	1,916	70	660	22.6	988	116	81.9	Barnett Banks of Fla (Fla)
31	8,901	7,268	4,545	2.0	1,911	103	662	23.7	594	60	46.3	Sun Banks of Florida (Fla)
32	8,883	6,640	4,351	1.3	1,460	146	635	24.9	867	92	54.5	Southeast Banking (Fla)
33	8,713	5,960	5,797	1.1	820	934	630	38.8	895	72	19.2	European American[5] (NY)
34	8,587	6,112	4,815	1.5[4]	1,084	375	788	25.8	900	115	85.4	CoreStates Financial (Pa)
35	8,557	6,967	3,739	1.3	1,348	227	534	13.5	780	69	48.7	Comerica (Mich)
36	8,146	6,544	4,579	1.1	1,145	180	466	6.2	814	86	45.8	Valley National (Ariz)
37	7,989	6,676	4,542	2.1	1,029	149	537	23.1	771	92	39.8	Southwest Bancshares (Tex)
38	7,923	6,069	4,954	1.1	486	453	449	12.2	734	61	38.6	Union Bank[5,6] (Cal)
39	7,895	6,472	5,574[4]	1.3[4]	1,455	233	544	16.1	785	66	98.8	Allied Bancshares (Tex)
40	7,850	5,821	3,937	1.5	1,335	161	507	2.6	789	107	84.6	Wachovia (NC)
41	7,471	5,746	4,627	1.2	790	369	609	18.2	729	61	25.3	Natl Westminster[5,6] (NY)
42	7,425	5,060	3,848	1.0	638	509	424	6.0	780	105	31.3	Harris Bankcorp (Ill)
43	7,270	5,937	4,202	1.4[4]	1,065	127	657	15.2	743	85	83.3	Banc One (Ohio)
44	7,187	5,567	4,500	1.2[4]	1,105	238	510	16.0	817	114	65.5	Sovran Financial (Va)
45	6,934	4,560	3,711[4]	1.4[4]	1,130	104	512	26.4	684	116	57.9	Citizens & Sthn NB (Ga)
46	6,891	5,955	4,849	1.2[4]	908	140	457	23.9	779	80	15.9	Michigan National (Mich)
47	6,803	4,319	3,372	1.8	1,573	83	505	23.9	657	100	58.5	First Union (NC)
48	6,586	4,567	3,410	1.4	1,183	270	526	19.9	631	51	34.9	National City (Ohio)
49	6,511	4,471	3,726	1.0	707	85	697	30.8	653	73	52.4	US Bancorp (Ore)
50	6,438	4,372	3,115	1.2	742	361	451	23.3	683	122	18.3	Northern Trust (Ill)

[1]Four-year average is a compounded annual rate 1979-83. [2]From continuing operations excluding gain on sale of operations and extraordinary items. [3]Net interest income on a tax-equivalent basis as a percent of average earning assets. [4]Includes leases.

The 100 largest bank holding companies: a statistical profile

Growth measures[1]							Profitability & cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return	Net int	Overhead				
4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	on equity 4-yr avg	margin[3] 1983	times NI 1983	Recent price	1983 EPS[2]	P/E ratio	Current yield
7.9%	5.3%	9.7%	10.9%	10.5%	15.7%	9.8%	15.1%	3.74%	4.4	37⅞	$ 6.48	5.8	5.0%
6.9	2.5	5.6	1.0	–14.2	–16.2	4.7	11.8	3.45	9.1	20¾	2.18	9.5	7.3
7.2	2.4	8.6	7.9	5.6	41.8	9.9	14.0	3.54	4.8	49¼	10.96	4.5	7.4
10.4	3.8	8.3	8.3	6.9	7.6	7.5	13.8	3.26	4.3	36⅞	8.37	4.4	8.6
9.4	2.0	10.6	10.2	10.5	10.4	10.3	15.6	3.03	1.7	69½	10.52	6.6	5.8
9.0	7.1	8.1	6.2	14.9	13.0	10.6	15.5	3.86	4.1	46½	9.50	4.9	7.6
10.6	6.9	9.1	7.2	1.7	7.7	9.0	14.7	4.81	5.6	37⅜	5.76	6.5	6.0
4.9	–11.8	5.5	0.8	–16.2	26.2	7.8	10.9	2.53	7.1	18¼	2.46	7.4	11.0
12.0	6.5	11.4	9.4	9.9	10.7	9.8	16.7	4.26	4.9	46	7.23	6.4	4.9
8.7	3.0	11.4	10.9	15.9	20.5	10.0	17.3	2.85	3.0	45¼	8.40	5.4	5.4
7.9	–0.6	4.6	6.7	8.6	17.7	2.3	9.3	2.57	3.7	24¼	3.92	6.3	5.3
7.2	2.5	8.2	7.6	2.6	3.8	4.0	13.6	4.33	5.4	40⅛	6.03	6.7	5.4
18.2	24.0	6.2	–1.1	10.9	8.9	7.3	13.5	3.60	3.5	42½	7.44	5.7	6.1
13.6	5.3	6.7	–1.9	P–D	P–D	5.3	7.2	3.45	—	26¼	–0.63	def	9.1
9.3	8.6	6.5	7.3	11.1	6.8	15.0	10.2	3.50	5.2	24¼	4.85	5.0	6.6
14.1	9.1	3.6	–21.0	P–D	P–D	14.4	11.7	3.94	—	13⅜	–2.82	def	4.5
13.4	14.0	9.3	8.6	5.6	10.4	8.3	13.9	3.45	3.4	51	8.46	6.0	5.8
12.7	18.4	6.6	6.1	–0.5	31.5	8.9	12.4	4.54	5.6	30⅛	4.05	7.4	6.0
10.1	7.5	11.0	9.4	12.9	10.9	11.6	15.6	4.16	4.4	38½	7.40	5.2	6.0
17.0	9.8	17.3	15.6	18.1	3.0	16.3	21.7	4.32	2.0	46	5.50	8.4	3.1
13.6	8.9	12.2	9.4	11.0	–10.5	18.5	17.5	3.94	2.8	30¼	4.61	6.6	5.4
6.5	0.7	9.9	7.7	5.8	6.5	9.6	14.7	3.07	5.1	58⅜	9.72	6.0	6.3
15.9	11.7	12.2	–0.4	–16.7	–65.1	14.7	15.3	4.15	8.5	19⅜	1.23	15.8	6.7
7.4	–1.2	7.6	7.9	2.0	0.9	2.9	11.2	3.74	3.5	41¾	6.75	6.2	5.3
18.1	37.1	11.2	7.3	12.9	15.7	13.5	16.0	4.29	3.7	24¾	3.68	6.7	4.5
10.8	3.7	7.9	10.2	12.7	12.0	8.4	15.1	4.21	4.2	29¼	5.70	5.2	6.2
13.2	9.2	10.9	10.8	15.3	11.2	NC	16.9	4.18	2.8	39⅝	5.66	7.0	5.4
17.3	16.5	14.5	12.8	15.2	–3.9	11.9	19.4	4.36	2.7	25¼	3.98	6.3	5.2
26.7	1.0	21.3	22.7	18.4	4.0	24.2	23.7	2.87	1.7	39¼	5.47	7.2	4.1
25.0	35.4	13.3	17.3	17.1	33.2	17.7	17.4	5.90	4.4	37⅛	4.61	8.1	3.2
21.6	25.2	9.3	16.7	11.1	15.8	10.7	14.6	5.40	4.6	25	3.08	8.1	4.8
17.3	18.8	7.2	3.2	2.1	7.1	8.5	14.1	4.59	5.3	22⅛	3.01	7.5	4.8
6.6	1.4	7.4	7.9	–2.2	–36.9	—	8.9	3.77	12.6	—	—	—	—
10.0	27.4	5.7	–0.9	18.5	17.0	9.6	14.2	5.66	3.6	31¼	5.70	5.5	5.9
12.3	17.4	4.0	7.0	0.4	18.0	6.2	10.7	3.55	4.4	26¼	4.39	6.0	7.6
11.6	10.6	10.3	6.4	–3.2	–9.3	8.6	15.2	4.89	6.0	22¾	2.72	8.4	5.1
16.0	11.8	10.7	4.4	2.3	–41.5	13.2	15.6	4.27	5.1	26⅛	2.48	10.6	5.5
4.5	0.9	7.8	13.3	3.1	24.5	—	10.2	5.41	7.0	—	—	—	—
25.7	23.8	19.8	19.1	23.4	15.4	29.2	26.1	5.56	1.7	23⅝	2.55	9.3	3.2
11.0	9.2	10.7	14.0	18.5	58.0	17.2	15.6	5.32	2.8	42⅛	5.26	8.0	4.1
11.6	4.9	14.4	34.0	10.5	44.6	—	5.4	4.02	8.7	—	—	—	—
5.4	3.0	5.1	3.9	0.3	–13.1	5.4	8.9	3.07	7.2	73⅜	4.71	15.6	3.2
27.6	36.4	12.1	19.3	12.7	17.0	10.3	18.6	5.78	2.8	23⅛	2.55	9.1	4.2
9.8	12.1	9.1	8.8	14.7	11.1	NC	16.0	5.84	4.9	30¾	4.12	7.5	4.9
11.7	18.4	13.1	12.0	20.1	13.9	76.3	17.0	5.22	4.4	15	1.89	7.9	4.3
7.0	6.5	3.7	0.6	–23.2	353.3	6.8	7.6	4.76	16.9	14¾	1.36	10.8	0.0
15.5	11.8	12.0	15.8	14.7	25.1	9.4	16.9	4.94	3.6	39½	5.39	7.3	3.4
10.6	8.9	6.8	7.2	–6.8	–17.3	2.4	11.4	4.12	5.1	27¾	3.10	9.0	6.8
9.4	5.5	10.6	7.5	0.1	0.7	10.7	15.0	4.48	3.7	23	2.93	7.8	4.3
6.0	–2.6	5.5	1.3	–9.2	–44.0	7.3	9.7	3.27	11.1	60¼	3.76	16.0	4.5

[1]Company not publicly traded; stock data not available [2]Bank only; not organized as a holding company P–D profit to deficit D–D deficit to deficit def deficit NC not comparable

1984 Annual Banking Survey

Rank	1983 size measures ($millions) Total assets	Total deposits	Total loans	Loan loss reserve % loans	Total investments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Noninterest revenues	Net income[2]	Company and headquarters
51	$6,417	$4,971	$3,317	1.3%	$1,481	$ 84	$447	20.2%	$526	$50	$47.4	First Natl State Bncp (NJ)
52	6,413	5,183	3,400	1.9	880	81	440	24.3	516	44	48.9	Midlantic Banks (NJ)
53	6,413	4,860	4,264	1.3	483	230	465	15.1	696	73	47.2	Rainier Bancorp (Wash)
54	6,072	4,515	2,817	1.3[4]	647	143	362	18.3	585	88	38.5	CBT (Conn)
55	6,062	4,907	3,289	1.0	1,089	150	389	6.3	608	64	18.5	BancOhio (Ohio)
56	5,807	4,599	3,199	1.2	920	220	343	12.5	552	54	34.6	Manufacturers Natl (Mich)
57	5,801	4,887	3,306	1.4	554	198	325	15.8	623	69	36.6	Bank of New England (Mass)
58	5,797	4,480	3,328	1.4[4]	985	96	629	0.0	574	62	51.1	AmeriTrust (Ohio)
59	5,762	3,703	3,259	1.7	415	66	457	32.3	546	85	52.3	First Atlanta (Ga)
60	5,755	4,299	3,225	1.4	814	111	397	26.6	586	83	32.9	Shawmut (Mass)
61	5,740	3,514	3,217	1.2	511	100	540	35.6	548	59	38.6	Maryland National (Md)
62	5,736	3,543	2,915	1.6	947	135	726	49.3	569	86	52.0	Fleet Financial (RI)
63	5,662	4,488	2,289	2.1[4]	359	217	371	26.8	525	72	46.8	Fidelcor (Pa)
64	5,508	4,124	2,875	1.5	885	194	476	27.1	525	58	41.5	Mercantile Bancorp (Mo)
65	5,426	4,047	2,780	1.1	781	105	352	19.1	558	44	24.5	Huntington Bancshs (Ohio)
66	5,415	4,004	3,751	1.1	753	233	398	17.5	563	75	51.5	United Virginia Bkshs (Va)
67	5,409	4,184	3,472	1.2	718	137	457	28.2	528	47	34.9	Texas American Bshs (Tex)
68	5,354	3,680	2,474	1.5[4]	918	208	387	23.3	495	60	20.8	Centerre Bancorp (Mo)
69	5,351	4,457	2,457	1.7[4]	1,596	88	575	18.2	472	34	58.3	Norstar Bancorp (NY)
70	5,152	3,780	2,927	1.9	839	57	520	41.5	541	50	−15.7	First Pennsylvania (Pa)
71	5,062	3,788	3,213	1.3	687	218	351	15.6	529	98	33.6	First Wisconsin (Wisc)
72	4,944	3,627	2,954	1.9	604	69	542	36.7	521	41	21.2	First Security (Utah)
73	4,850	3,536	2,459	2.3	843	61	368	10.9	545	78	73.0	Trust Co of Georgia (Ga)
74	4,766	3,882	1,641	1.8	1,612	99	213	0.0	385	34	23.4	Riggs National (DC)
75	4,676	3,516	2,449	1.2[4]	592	158	302	11.4	421	55	38.4	Hartford National (Conn)
76	4,639	3,921	2,488	0.9[4]	668	73	272	5.2	466	55	32.0	BayBanks (Mass)
77	4,617	3,564	2,292	2.0[4]	675	84	298	23.4	425	61	30.2	First Tennessee Natl (Tenn)
78	4,505	3,836	2,618	1.1	526	136	284	11.8	388	13	13.2	Bank of Tokyo Trust[5] (NY)
79	4,347	3,818	3,084	1.1	387	254	271	11.6	468	48	18.2	California First Bank[6] (Cal)
80	4,283	3,367	2,277	1.4	911	52	328	18.8	426	41	29.3	Society (Ohio)
81	4,179	3,066	2,362	1.2	502	122	308	27.4	423	44	26.0	Lincoln First Banks (NY)
82	4,109	3,497	2,395	1.2	1,013	64	291	32.1	433	41	26.1	First of America Bank (Mich)
83	4,044	2,485	1,321	2.0	763	74	323	25.4	443	116	38.5	State Street Boston (Mass)
84	3,868	3,041	2,303	1.2[4]	529	123	293	16.8	399	45	26.4	United Banks of Colo (Colo)
85	3,867	2,625	2,272	1.4	234	86	273	17.4	402	74	10.7	BanCal Tri-State (Cal)
86	3,850	2,916	2,222	1.1[4]	358	32	251	18.4	412	35	30.2	Bank of Virginia (Va)
87	3,826	2,753	2,160	1.3	704	91	231	13.7	375	39	24.5	Dominion Bankshares (Va)
88	3,766	2,980	2,071	1.3	478	99	225	5.8	340	34	16.7	Fidelity Union Bancorp (NJ)
89	3,728	3,090	2,265	1.4	973	68	312	18.2	398	30	32.3	Meridian Bancorp (Pa)
90	3,726	3,014	1,911	1.6	993	97	280	19.8	393	45	32.3	Third National (Tenn)
91	3,725	2,753	1,969	1.4[4]	571	146	239	2.8	334	21	31.4	American Security (DC)
92	3,706	3,167	1,754	1.4[4]	673	74	276	13.1	349	28	32.4	Old Kent Financial (Mich)
93	3,655	2,481	2,219	1.2[4]	429	97	284	22.2	387	48	19.2	First Maryland Bncp (Md)
94	3,637	2,811	2,005	1.5[4]	891	98	312	17.8	375	50	33.6	AmSouth Bancorp (Ala)
95	3,635	3,004	1,843	1.5	917	48	224	15.5	343	24	23.8	United Jersey Banks (NJ)
96	3,550	2,872	1,820	1.2	660	33	268	0.0	403	78	29.5	Florida Natl Banks (Fla)
97	3,505	2,528	1,491	1.5	562	61	234	18.9	265	26	25.4	Boatmen's Bancshares (Mo)
98	3,497	2,828	1,799	1.4	699	87	241	16.7	350	45	26.1	First American (Tenn)
99	3,492	2,872	1,850	1.3[4]	1,028	31	322	19.3	342	30	33.1	Key Banks (NY)
100	3,477	2,702	1,708	1.8	834	87	348	20.6	336	28	34.9	Commerce Bancshares (Mo)
				1.3				20.4				MEDIANS

[1]Four year average is a compounded annual rate 1979-83. [2]From continuing operations excluding gain on sale of operations and extraordinary items. [3]Net interest income on a tax equivalent basis as a percent of average earning assets. [4]Includes leases.

The 100 largest bank holding companies: a statistical profile

Growth measures[1]							Profitability and cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return	Net int	Overhead				
4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	on equity 4-yr avg	margin[3] 1983	times NI 1983	Recent price	1983 EPS[2]	P/E ratio	Current yield
16.5%	26.1%	5.1%	5.2%	14.6%	10.3%	4.7%	15.9%	4.91%	3.7	37½	$7.27	5.2	7.0
16.9	26.8	10.7	13.6	11.4	3.6	7.3	21.6	5.35	3.3	44½	8.02	5.5	4.5
7.8	5.0	8.8	8.5	4.5	18.9	10.3	13.3	5.52	5.1	37⅛	4.90	7.6	4.7
19.1	46.7	8.0	8.7	7.9	–17.0	9.5	16.1	4.67	5.2	29⅛	4.45	6.7	5.5
5.9	2.3	3.2	2.3	–14.3	–27.5	–7.1	6.0	4.35	11.2	29⅛	2.00	14.6	3.4
5.7	5.7	5.0	9.2	1.0	559.4	–9.6	7.2	3.83	4.5	34¼	6.66	5.1	4.7
16.4	16.6	10.9	9.9	10.1	–3.7	12.2	16.0	4.17	4.9	48	7.64	6.3	5.4
2.6	1.1	5.3	3.9	–3.0	–17.9	5.2	10.1	4.54	3.5	42½	5.49	7.7	6.8
13.9	25.8	12.8	13.9	26.8	2[illegible]	16.2	18.4	5.84	3.8	23⅛	2.97	7.8	3.3
8.5	6.4	8.2	7.6	14.6	–1.1	14.9	12.3	5.14	6.8	38	5.33	7.1	5.6
10.4	13.3	9.1	7.6	7.7	–8.2	12.6	14.1	5.55	4.9	32¼	4.69	7.0	4.2
11.9	17.6	11.8	13.4	15.2	9.9	11.2	18.1	4.68	3.1	46½	6.90	6.8	5.1
13.5	26.9	11.4	10.8	80.8	58.3	39.4	15.1	3.77	3.2	35⅞	8.66	4.1	6.1
7.4	0.5	8.7	6.1	5.2	–2.1	3.7	15.5	4.07	3.5	38¼	6.71	5.7	7.5
21.7	42.7	6.7	–5.3	–3.3	–36.1	12.5	13.8	4.46	6.9	29½	3.06	9.7	5.0
12.9	18.6	11.4	12.0	14.6	17.2	14.6	17.0	5.19	3.7	28⅛	4.23	6.6	5.1
15.3	10.8	10.7	7.6	5.8	–22.1	17.6	15.8	4.79	4.5	35⅞	3.66	9.8	4.2
7.2	–7.0	5.7	2.3	–8.1	–10.2	5.9	10.8	3.75	6.6	25	2.74	9.1	7.2
23.9	33.7	6.2	7.1	10.3	0.6	9.1	15.4	6.30	2.8	33⅞	4.78	7.1	6.5
–11.0	–1.5	–22.4	–30.8	P–D	D–D	–100.0	–15.6	2.60	—	6⅛	–1.10	def	0.0
0.4	1.0	8.0	9.0	9.3	9.9	4.1	13.6	4.24	5.2	20¼	3.78	5.5	5.3
9.1	12.0	9.3	2.6	–12.4	–60.4	6.3	14.2	4.41	8.0	22⅛	1.75	12.6	5.0
13.2	16.1	17.7	20.3	25.6	28.8	20.0	24.5	6.87	2.8	27⅛	3.04	8.9	2.9
13.2	11.2	7.3	6.3	1.8	15.0	6.5	12.8	3.80	4.1	33	3.90	8.5	5.5
6.0	14.7	9.4	9.3	19.6	29.0	12.1	15.8	5.60	4.2	22⅛	3.83	5.8	6.7
11.4	18.3	9.8	7.7	8.2	–4.7	12.9	15.1	5.49	5.8	36⅛	5.09	7.1	6.0
15.0	27.0	8.7	8.0	7.5	2.2	16.7	15.1	5.23	5.2	23	3.31	6.9	6.1
10.8	2.0	9.2	5.6	–0.7	40.0	—	5.4	C	2.9	—	—	—	—
8.5	5.9	1.2	–0.5	–14.5	61.8	2.3	9.1	4.83	8.5	16	1.78	9.0	6.8
8.9	–1.4	7.9	7.4	3.3	8.6	7.5	11.7	4.17	4.3	29¼	4.53	6.5	5.8
6.5	9.9	6.0	8.3	10.0	6.5	0.8	12.6	4.59	5.8	64¼	7.04	9.1	3.1
23.8	5.4	8.3	11.1	8.0	26.2	6.9	13.7	4.65	5.7	30⅜	5.21	5.8	5.0
14.6	12.5	17.3	14.2	27.2	–24.3	20.0	20.6	4.84	4.6	32½	4.45	7.3	2.9
12.6	9.1	9.3	7.0	0.2	9.6	6.5	13.3	5.79	5.5	18¼	2.40	7.6	5.5
3.8	–5.6	4.9	11.2	–16.0	17.3	8.4	6.3	3.54	12.0	48⅛	2.10	22.9	2.5
11.9	14.0	6.0	10.7	14.3	32.6	6.4	12.2	4.86	3.7	35¼	5.00	7.1	4.3
9.8	11.1	7.3	8.0	2.2	39.7	4.3	12.8	4.45	4.8	20⅜	2.50	8.2	5.3
12.7	11.0	2.6	4.8	–7.1	494.6	0.9	8.5	4.61	7.4	47½	4.40	10.8	5.9
9.6	14.9	8.4	7.4	7.5	0.2	NC	14.7	4.78	3.7	30½	4.72	6.5	7.2
10.0	17.9	10.4	11.6	15.1	18.6	17.1	14.4	5.04	3.7	36½	5.73	6.4	4.4
12.5	10.4	9.8	9.4	9.4	7.4	6.8	15.3	4.22	2.3	30¼	4.22	7.3	4.9
17.9	42.5	10.0	11.9	9.4	25.3	5.1	15.1	4.38	2.8	21¼	3.81	5.7	5.1
14.8	12.5	8.3	6.7	–0.6	–18.9	8.2	14.3	4.46	7.2	22⅞	3.65	6.3	6.6
8.3	12.4	9.2	8.9	7.2	7.5	8.7	14.8	5.19	3.9	22½	3.02	7.5	5.7
9.2	18.8	7.5	7.7	11.1	15.1	5.3	13.7	4.82	4.9	29⅛	3.65	8.0	4.8
13.8	17.5	8.2	11.2	13.0	53.9	12.2	9.4	5.67	5.7	40	3.51	11.4	2.4
14.1	18.9	10.6	9.5	12.4	4.2	8.3	16.9	4.54	2.9	28	3.74	7.5	4.8
11.2	14.5	8.7	9.6	12.8	20.0	15.1	13.3	4.59	4.4	19½	2.82	6.9	5.1
13.6	23.1	3.0	9.6	8.6	20.3	4.5	13.5	6.17	3.9	27⅛	4.21	6.6	5.9
7.7	5.7	6.5	10.1	8.6	3.5	6.4	11.7	5.56	3.1	45	6.59	6.8	4.3
11.3	10.5	8.7	8.0	8.4	9.9	9.0	14.3	4.45	4.4			7.1	5.3

[1]Company not publicly traded; stock data not available [2]Bank only, not organized as a holding company P–D: profit to deficit D–D: deficit to deficit def: deficit NC: not comparable

The 50 largest trust operations

These trust departments have assets of $522 billion, up 17.6% from last year, while the Wilshire index gained 19%. Bankers Trust ranks first, helped by the growth of its indexed funds business.

1983 rank	Company	Market value of trust assets[1] 1983 (millions)	% increase over 1982	—Trust department revenues— total (thousands)	% change from 1982	% of operating revenues
1	Bankers Trust	$37,602	50.2%	$117,531	29.8%	3.0%
2	JP Morgan	37,543	–4.0	218,200	15.1	3.8
3	Citicorp	35,991	21.3	139,797	5.4	0.8
4	Manufacturers Hanover	27,412	27.0	91,689	21.1	1.4
5	Mellon National	27,250	110.4	73,831	101.5	2.9
6	PNC Financial	24,009	9.6	65,875	6.1	5.4
7	Chase Manhattan	17,842	19.3	119,589	15.9	1.4
8	Chemical New York	15,505	19.3	75,251	11.8	1.5
9	Wells Fargo	14,493	21.9	56,379	23.5	1.9
10	Harris Bankcorp	14,312	11.3	50,066	18.8	6.4
11	Northern Trust	13,563	17.6	88,800	22.2	13.1
12	Wilmington Trust	12,004	14.5	19,381	30.1	10.5
13	First Interstate Bancorp	11,855	47.6	67,710	20.6	1.6
14	Crocker National	11,165	24.3	48,855	18.8	1.9
15	US Trust	10,156	8.4	73,546	4.8	31.2
16	State Street Boston	9,645	8.9	76,374	31.0	17.2
17	InterFirst	9,616	13.1	46,700	37.0	2.2
18	Continental Illinois	9,514	–17.7	62,369	3.2	1.4
19	First Chicago	8,993	20.1	53,941	13.4	1.5
20	First Bank System	8,860	–4.3	50,654	20.9	2.6
21	BankAmerica	8,687	–2.0	88,371	25.4	0.7
22	First City Bancorp	8,635	67.7	27,541	24.4	1.7
23	Fiduciary Trust Co NY	8,598	14.8	27,258	28.5	72.8
24	AmeriTrust	8,004	14.7	35,244	14.0	6.1
25	Bank of New York	7,376	2.0	144,903	21.7	10.8
26	Bank of New England	6,854	22.8	32,118	20.1	5.2
27	NBD Bancorp	6,681	–0.9	32,033	12.1	2.8
28	Bank of Boston	6,655	–0.2	59,470	14.6	2.3
29	American Natl (Chicago)	6,591	26.5	14,447	13.5	5.1
30	Centerre Bancorp	6,504	3.4	28,430	13.1	5.7
31	RepublicBank	6,269	4.6	38,333	19.4	2.2
32	Norwest	6,241	7.4	39,954	14.9	1.7
33	National City Corp	6,145	14.6	27,934	38.9	4.3
34	Texas Commerce Bshs	5,200	14.2	28,000	25.7	1.7
35	Irving Bank[2]	4,967	—	38,587	27.9	2.1
36	Trust Co of Georgia	4,909	24.7	24,020	18.0	4.4
37	Boatmen's Bancshares	4,881	12.4	9,432	12.1	3.6
38	Manufacturers National	4,809	19.8	16,735	22.6	3.0
39	Comerica	4,455	8.4	24,897	14.5	3.2
40	Mercantile Bancorp	4,140	14.9	15,736	14.3	3.0
41	Wachovia	4,121	10.6	29,965	16.9	3.8
42	First Wisconsin	4,111	4.2	21,058	23.7	4.0
43	NCNB	4,033	–4.8	27,108	40.9	2.2
44	Hartford National	3,949	–5.7	23,894	5.7	5.7
45	CoreStates Financial	3,946	53.9	13,472	63.6	1.5
46	Security Pacific	3,904	16.3	57,044	19.9	1.3
47	First Pennsylvania	3,774	10.0	19,390	6.2	3.6
48	Marine Midland	3,675	9.0	25,758	11.9	1.2
49	AmSouth Bancorp	3,400	26.3	12,907	17.4	3.4
50	CBT	3,295	17.2	19,908	36.9	3.4

[1]Accounts over which the bank exercises investment discretion. [2]As of 12/31/82, latest available.

ing importance of fees may soon make it essential to examine noninterest income as well.

Miami's Southeast Banking Corp. decided a few years ago to unbundle its services and peg fees at a level that would produce a profit. "Clearly, prices charged for each service must properly reflect the cost to the corporation as well as the value to the customer," its 1984 annual report explains. The result, says James Vardon, the bank's executive vice president and chief financial officer: "We are establishing a meter for each transaction with any given customer," rather than relying on a running estimate of incurred costs to be covered by the compensating balance.

Not surprisingly, profits came rolling in. Income from charges on deposit accounts rose 46% last year to $21.5 million. Other fee-related income, including everything from credit life insurance premiums to stop-payment orders on checking accounts, rose 32%, to $9 million. Noninterest income in all came to over $90 million.

That is still less than 30% of the $315 million Southeast earned in net interest income as the spread between the money it lent and the money it borrowed. But the trend is what is important. Noninterest income now covers 30% of operating expenses, and James Vardon expects that figure to increase to 50% over the next three to five years. About one-quarter of Southeast's noninterest income comes from credit card operations, annual card fees and merchants' charges. Some other major components of income include monthly deposit maintenance fees, trust management fees and discount brokerage commissions. Similar relationships should prevail at other big, retail-oriented banks.

At money center banks, the money comes from different sources (like fees for standby letters of credit or trust mortgage service), but the trend is similar. Manufacturers Hanover Corp., the nation's fourth-largest bank, took in $619 million in noninterest income last year, almost 40% of its $1.6 billion in net interest income. Chairman John McGillicuddy cites a key statistic: The bank's noninterest income has increased by a factor of 3 since 1978.

Don't get the wrong idea. Banks will always be borrowers and lenders of funds. And they will probably always make most of their money that way. But part of 1983's good news was that fee income rose so substantially at a time when many other trends were negative. ■

1984 Annual Banking Survey

Despite the regulatory changes, attracting deposits remains the key to running a savings and loan. But these days the search is nationwide and even international.

A thrift is still a thrift

By Jinny St. Goar

EVERYONE THOUGHT that differences between savings institutions and commercial banks would disapppear with passage of the Garn-St Germain Depository Institutions Act of 1982. But nothing changes that fast. Savings institutions still largely finance real estate transactions; banks remain committed to commercial lending.

To make money in the mortgage business today, however, thrift institutions must scramble to get deposits. Not too long ago they were able to pay interest rates of 0.25% more than commercial banks, an advantage that helped them attract billions of dollars' worth of passbook and certificate savings.

Now it takes ingenuity to get money. Consider, for example, Standard Federal Savings & Loan Association of Michigan, which has teamed up with the omnipresent K mart. The retailer's Florida insurance centers will open accounts for the thrift.

The 25 largest savings and loan associations: a statistical profile

These thrift institutions have total assets of $198 billion, up 29% over the past 12 months. Profitability is improving, too: Only 5 firms are in the red this year. In 1982 the number was 19. Meanwhile, Financial Corp. of America acquired First Charter Financial and zipped from eighth to first in asset rankings.

	1983 size measures ($millions)							
Rank	Total assets	Savings deposits	Loans receivable	Investment securities	Advances from FHLB	Total revenues	Net income	Company (state)
1	$22,700	$18,262	$18,965	$ 182	$ 971	$1,827	$172.5	Financial Corp of America (Cal)
2	20,226	15,574	15,402	2,726	1,054	2,213	107.9	HF Ahmanson & Co (Cal)
3	18,639	13,516	14,167	2,105	1,973	1,991	73.7	Great Western Financial (Cal)
4	14,329	11,116	11,297	1,317	1,099	1,548	80.5	CalFed (Cal)
5	8,771	7,197	5,845	1,495	683	976	26.9	Glendale Federal S&L (Cal)
6	8,495	5,849	7,075	676	1,574	909	31.0	First Nationwide Financial (Cal)
7	8,186	5,767	6,715	831	669	922	77.4	Golden West Financial (Cal)
8	7,971	4,580	5,749	1,757	1,857	755	31.6	First Federal of Michigan (Mich)
9	6,984	5,873	4,757	584	536	776	52.0	Empire of America[2] (NY)
10	6,803	5,090	5,375	643	702	773	37.0	Home Federal S&L (Cal)
11	6,795	4,908	5,491	478	696	698	43.9	City Federal Savings & Loan (NJ)
12	6,304	5,770	4,173	65	25	699	2.2	Talman Home Federal S&L[2] (Ill)
13	6,110	4,403	4,935	751	1,189	586	–34.9	Imperial Corp of Amer (Cal)
14	6,047	3,692	4,874	631	984	640	32.6	Gibraltar Financial (Cal)
15	5,097	3,801	4,298	429	531	532	23.3	Sears Savings Bank[4] (Cal)
16	5,013	4,111	3,728	577	440	536	2.2	Coast Federal Savings & Loan[2] (Cal)
17	4,990	2,366	1,768	2,027	561	287	39.9	Columbia Savings & Loan (Cal)
18	4,897	3,559	4,039	318	579	550	28.4	Great American Fedl Savings Bk (Cal)
19	4,826	4,000	3,066	1,133	347	449	55.7	Standard Federal S&L[2] (Mich)
20	4,267	3,497	3,062	270	369	476	34.8	Carteret Savings & Loan (NJ)
21	4,246	3,107	3,819	248	394	479	–0.3	AmeriFirst Federal S&L[2] (Fla)
22	4,109	2,766	2,147	715	849	471[3]	–41.1[3]	First Federal S&L Rochester[2] (NY)
23	4,007	2,923	2,772	821	306	378	–14.0	Twin City Federal S&L[2] (Minn)
24	3,997	3,045	1,604	184	560	535	–34.8	First Federal S&L Chicago[2,3] (Ill)
25	3,926	2,850	2,616	977	462	501	53.5	Gibraltar Savings Assoc (Tex)

[1]Four-year average is a compounded annual rate 1979-83 the period ending in June [2]Mutual savings and loan association [3]Based on data from the Federal Home Loan Bank; figures are derived for

Leaders and laggards

While 1983 was a tough year for the nation's banks, the top 25 thrifts continued their earnings rebound. Spreads for these firms almost doubled, and deposits grew even faster than last year. Using stockbrokers to sell CDs helped Columbia Savings & Loan post spectacular growth. Financial Corp. scored well because of a big takeover, but a merger through pooling held down growth comparisons at Great Western Financial.

	Industry median	Highest		Lowest	
Asset growth[1]	**17.4%**	**Columbia Savings & Loan**	**132.0%**	**Great Western Financial**	**8.2%**
Deposit growth[1]	**17.0**	**Financial Corp of America**	**117.9**	**Gibraltar Financial**	**3.6**
Earnings growth	**4.5**	**Columbia Savings & Loan**	**220.7**	**Imperial Corp of America**	**P–D**
Primary spread[2]	**1.43**	**Financial Corp of America**	**2.44**	**AmeriFirst Federal S&L**	**0.51**

[1]Compound annual rate 1979-83. [2]The spread betweeen the yield on earning assets and the cost of funds. P–D: Profit to deficit.

How? Customers simply give a K mart employee the necessary papers, which are sent to Michigan.

When it comes to getting big bucks from sophisticated depositors, however, no organization even comes close to Financial Corp. of America. This controversial thrift is the nation's largest, with assets of $22.7 billion. It also tops nearly every industry performance yardstick.

The man behind it all is 49-year-old Charles Knapp. He is a hyperactive chief executive whose strategy is to turn over money as fast as possible, making a little profit on each transaction. As a result FCA projects it will originate or buy in the secondary market this year up to $18 billion worth of mortgages—13% of last year's record $137 billion for the entire thrift industry.

But Knapp doesn't worry about the burden of all these long-term loans. As quickly as possible, FCA resells its mortgages. The buyers: government agencies or public investors, who find

Assets		Growth measures[4]						Dec. 31, 1983		
		Deposits		Revenues		Net income				
4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	1983 vs 1982	4-year average	1983 vs 1982	Yield on earning assets	Cost of funds	Spread
108.9%	244.4%	117.9%	272.4%	100.1%	135.7%	105.6%	530.6%	12.70%	10.26%	2.44%
13.6	19.9	13.5	27.1	16.3	9.9	–2.0	D–P	11.39	9.58	1.81
8.2	20.0	5.7	13.5	12.0	16.2	–13.6	D–P	11.71	9.90	1.81
23.5	38.2	25.0	45.6	28.5	34.2	19.0	1,589.2	12.30	9.96	2.34
18.6	11.1	19.5	20.8	25.6	18.7	–8.8	D–P	11.95	9.94	2.01
32.1	16.8	28.5	31.3	37.2	5.9	5.3	350.0	11.43	9.78	1.65
20.4	12.6	19.4	19.3	26.1	15.3	20.7	D–P	11.94	9.92	2.02
25.0	53.1	13.4	39.6	28.2	66.0	13.8	D–P	11.12	10.29	0.83
35.4	19.0	33.1	25.6	47.8	78.0	71.8	D–P	10.57	9.60	0.97
15.6	11.4	17.0	12.8	20.1	10.3	–3.3	D–P	12.15	10.31	1.84
37.0	49.2	37.5	45.0	44.2	25.6	64.1	233.0	12.31	9.91	2.40
27.3[3]	–2.1	33.3[3]	14.7	NA	–8.2	NA	D–P	10.93	9.50	1.43
12.6	15.9	10.8	15.6	14.0	6.7	P–D	D–D	11.05	10.36	0.69
10.6	24.8	3.6	25.7	15.3	17.1	2.4	D–P	11.41	10.07	1.34
16.1	44.7	15.7	51.1	21.7	51.2	4.2	D–P	11.11	9.98	1.13
15.9	8.4	19.4	18.7	21.1	13.7	–43.1	–82.0	11.41	9.88	1.53
132.0	386.1	103.5	298.7	105.0	173.9	220.7	184.1	11.67	10.52	1.15
17.4	12.1	15.2	20.3	22.0	14.6	4.8	D–P	11.83	10.16	1.67
13.9	27.8	12.7	21.8	16.5	23.6	35.0	D–P	10.59	9.48	1.11
35.4	27.7	34.3	28.2	47.5	90.4	66.1	D–P	12.10	10.73	1.37
12.7	9.2	10.9	16.8	22.7	–3.7	P–D	D–D	11.20[5]	10.69[5]	0.51[5]
35.9	1.9	32.0	3.1	49.2[3]	52.8[3]	P–D	D–D[3]	NA	NA	NA
14.8	27.8	12.9	25.0	16.8	6.5	P–D	P–D	10.59	9.88	0.71
11.2	–1.2	10.1	–5.8	24.5	46.6	P–D	D–D	NA	NA	NA
10.2	4.7	9.9	4.6	23.1	22.1	15.4	D–P	11.84	11.02	0.82

[4] Subsidiary of Sears, Roebuck. [5]At Sept. 30, 1983. NA: not available. D–P: deficit to profit. P–D: profit to deficit. D–D: deficit to deficit.

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the juicy yields of securities that are collateralized by mortgages increasingly attractive.

To keep the money rolling, FCA has 650 high-pressure salesmen who work the telephones. Of these, 350 typically peddle pools of mortgages to institutional clients; 300 are assigned to sell FSLIC-insured savings certificates to retail customers. These come in denominations as low as $500.

Knapp's marketers bring in a whopping $1 billion a month. They roll over FCA's debt as it comes due and add to the company's pool of funds as well. But to grow even faster, Knapp has decided to tap foreign markets. FCA now has an office in London, and soon it will also be in Switzerland and in Asia, too.

Knapp is aiming for large deposits from overseas institutional investors. But if an Englishman wants to make a "small" deposit of $100,000 or less

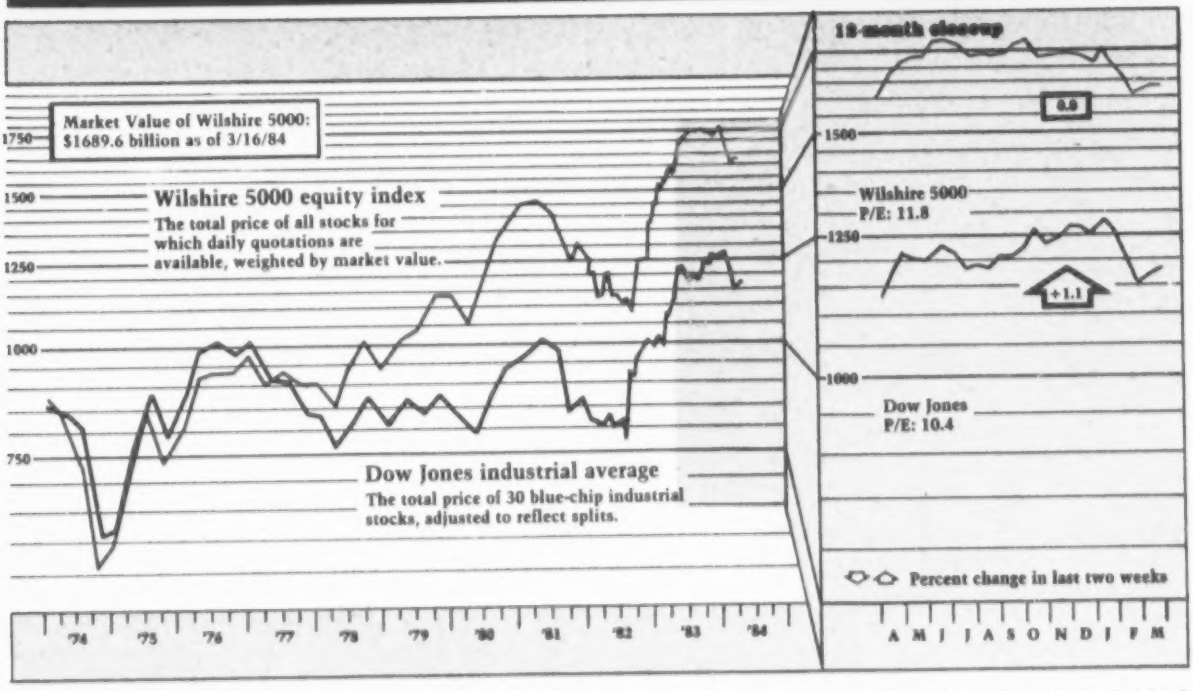
To grow even faster, Knapp has decided to tap foreign markets. FCA now has an office in London, and soon the firm will also be in Switzerland and Asia.

and benefit from FSLIC insurance, Knapp will take that money, too. Such certificate purchases, however, must be wired to Los Angeles from the representative's office. FCA's offshore operations are not branches and are not covered by FSLIC.

Borrowing abroad is possible, too. Great Western Financial started that trend last year. It has sold two issues in Europe so far, both on its own credit. Knapp was quick to follow suit. An FCA subsidiary is selling a $125 million, five-year, 12% Eurobond. However, this issue is collateralized by 150% face value of GNMA mortgage passthrough certificates and is rated triple-A by Moody's and Standard & Poor's. These bonds are attractive to anyone outside the U.S. who wants to hold dollars and likes government-backed interest-bearing securities—potentially a huge offshore market.

Innovation like this is increasingly important in the thrift business. Companies that aren't innovative enough to attract deposits may attract takeover offers instead. But there is also a risk in being aggressive. Institutions that expand quickly must be nimble lest they pay too much for their funds and are unable to lend them out prudently—an alternative that may be even less desirable. ■

The Forbes/Wilshire 5000 Review



Good-bye to winter. Few investors will miss the cold, the ice and the depressed stock market of the last several months. With spring in the air, the weather should improve. But do balmier days mean better portfolio performance?

Perhaps. Despite concerns over budget deficits, interest rates and the strength of the dollar, the market is showing some signs of life. Blue chip issues—typical leaders in a rebound—paced the averages during the last two weeks. The Dow industrials gained 1.1%, while the average Big Board stock, as measured by the NYSE, was up a more modest 0.1%. Amex and NASDAQ indexes, meanwhile, registered slight losses. The broad-based Wilshire finished the period virtually unchanged.

The yardsticks below indicate that over the last month conservative issues fared somewhat less well than growth-oriented issues. High volatility shares, for example, gained 3.7%, vs. 2.2% for low volatility shares. While the Dow sports a gain of 3.1%, once again the Amex did better. It is up 3.3%. The NASDAQ, in contrast, added only 0.8%. Investors are dabbling in more than just blue chips, but they are staying clear of the market's more volatile areas.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.2	2.0	3.1	2.4	3.3	0.8
in last 52 weeks	4.4	5.2	6.0	6.2	11.5	–4.4

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.5	3.0	3.7	2.2	3.2	1.4	0.5	2.8	3.7	1.9	1.5	4.2
in last 52 weeks	5.8	28.4	17.1	16.4	4.1	20.1	15.1	18.7	17.9	16.6	9.6	20.8

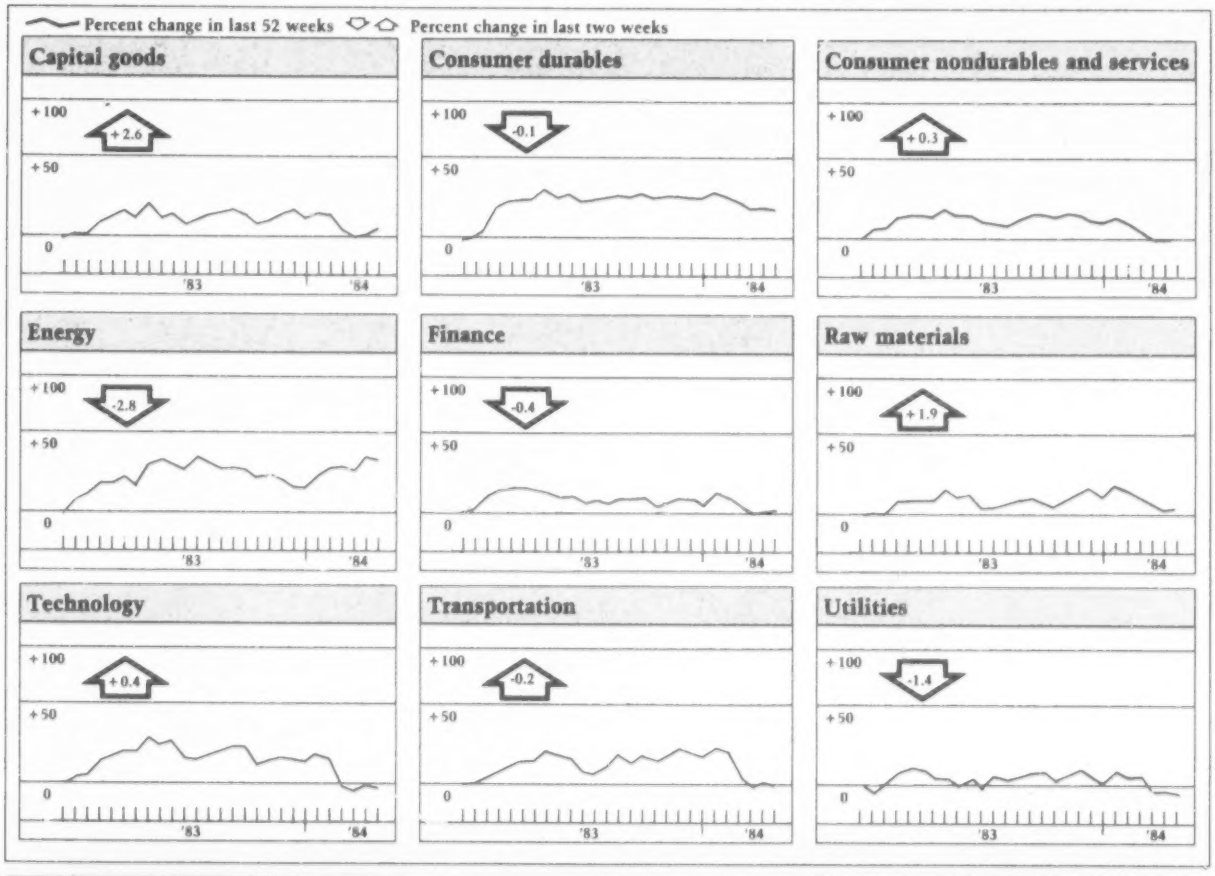
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/16/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Climbing an icy hill. During the last two weeks, four of the Wilshire sectors gained ground, while five registered declines. The result, as measured by the more than 5,000 issues of the Wilshire index, was a washout. The capital goods sector, spurred by increasing orders for machine tools, shows the biggest gain, with a 2.6% rise. Raw materials rose 1.9%; technology and consumer nondurables registered smaller gains.

Energy stocks suffered the biggest loss, a 2.8% decline. Part of the reason: Texaco's plan to buy back its shares from the Bass brothers dampened speculation that the big oil company might be swallowed up in a blockbuster merger. The utility sector was also weak, off 1.4%, with a number of power companies hitting 52-week lows.



What The Analysts Think

What a way to come in first. Of the nine Wilshire sectors the utility group shows the best two-week change in estimates. But this is hardly good news. The average estimate for firms in this industry merely remained unchanged, while analysts scaled back their projections for the other eight groups.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.75	11.8
1984 estimates	4.27	8.0
1985 estimates	5.32	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Utilities	$3.61	0.00%	–0.09%
2	Technology	1.96	–0.20	–0.71
3	Raw materials	3.28	–0.39	–0.68
4	Consumer durables	3.18	–0.74	0.20
5	Consumer nondurables	2.74	–0.82	–1.19
6	Finance	4.06	–0.84	–1.48
7	Capital goods	2.39	–1.00	–1.90
8	Energy	2.86	–1.01	–2.02
9	Transportation	3.02	–1.29	–2.94

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 3/16/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Leave it to Wall Street analysts to debate whether we are in a bull market or a bear market. It is still open season for those stocks with low price/earnings multiples.

A forest rich with game

By Leslie Pittel

ONLY RECENTLY Wall Street seemed bereft of bargains. The Dow industrials peaked in January—up 66% in just 17 months—and cautious investors worried that even unpopular stocks might be overpriced.

Forget all that now. The broad-based Wilshire index hit its high last June, seven months before the Dow. Since then, the Wilshire is off 13%. But corporate earnings are surprisingly robust. That means the woods are full of low-P/E stocks.

To do some bargain hunting, we asked the computers at Wilshire Associates to find those shares with the lowest price/earnings ratios based on latest 12-month earnings. We then went to Lynch, Jones & Ryan's Institutional Brokers Estimate System to see what Wall Street analysts expect these companies to earn in fiscal 1984. The result: 89 stocks in the table that begins below, all with current P/Es below 7.8 and most selling even more cheaply based on future earnings projections.

What makes these shares appealing? It's simple: Buy a stock when nobody else wants it and wait for the "inevitable" turnaround or return to fashion. In a nutshell, that's the stock selection strategy of the late Benjamin Graham—an idea that's made many patient investors rich.

But comebacks don't happen over-

Hunting grounds for low-P/E investors

These 89 issues have an average price/earnings ratio of 6.5 based on current earnings and 6.1 based on fiscal 1984 estimates. Patient investors may bag handsome gains if profit projections are on the mark. But if securities analysts are wrong and earnings decline, these shares could disappear into the jungle.

Company/*business*	P/E latest 12 months	P/E 1984 estimate	EPS latest 12 months	EPS 1984 estimate	Stock price recent	Stock price 52-week high	Stock price 52-week low	Dividend	Yield
Jet America Airlines/*airline*	2.6	9.8	$1.88	$0.50	4⅞	7⅛	2⅞	—	—
Ford Motor/*auto*	3.6	3.1	10.29	12.12	37⅜	46¾	25⅛	$1.20	3.2%
Finalco Group/*leasing computer equip*	4.1	9.0	1.09	0.50	4½	12½	3¾	0.05	1.1
Atwood Oceanics/*oilfield services*	4.2	15.1	4.31	1.21	18¼	26	16¼	—	—
Grolier/*publishing*	4.4	10.7	1.02	0.42	4½	8⅜	3⅜	—	—
Coleco/*toys, computers*	4.4	4.5	2.68	2.64	11⅞	65	10⅛	—	—
Godfrey/*food wholesaler, retailer*	4.6	10.2	2.80	1.25	12¾	15⅜	10½	0.72	5.6
Sunstar Foods/*food processing*	4.8	4.3	1.07	1.20	5⅛	7¾	4⅜	—	—
Charter Co/*multicompany*	4.8	13.5	2.11	0.75	10⅛	13¾	8	1.00	9.9
Dynascan/*electronics*	4.9	5.0	2.00	1.95	9¾	37⅜	8¼	—	—
La Land Offshore Expl/*oil and gas*	4.9	9.2	1.50	0.80	7⅜	11½	5¾	—	—
Monfort of Colorado/*food processing*	5.0	4.6	3.15	3.40	15⅝	21⅛	13½	—	—
Savannah Foods & Ind/*food processing*	5.2	8.5	7.38	4.52	38¼	42¾	22	1.60	4.2
Dibrell Bros/*tobacco, restaurants*	5.3	5.7	3.42	3.20	18¼	27¼	16	0.80	4.4
Nutri/System/*weight-loss control centers*	5.5	4.7	1.42	1.65	7¾	32⅛	7¾	0.32	4.1

Sources: Wilshire Associates, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Forbes

Statistical Spotlight

night. And every low P/E isn't a flashing buy signal. Sometimes Wall Street makes a stock cheap because things are going to get worse. That happened with Valero Energy and Arundel. These companies both dropped off our list at the last minute because sharply lower quarterly earnings came out and earnings multiples ballooned.

That's why it is important to look at the second column in our table. It indicates how a stock's current price relates to analysts' best-guess estimates of future earnings. For 26 of the companies in our table the professionals expect that 1984 earnings will be below the figures for the latest 12 months. Jet America Airlines, for example, earned $1.88 over the last four quarters. But earnings are expected to drop to 50 cents in 1984.

As the first column of figures indicates, the airline sports a present P/E of 2.6. But the P/E jumps to 9.8 based on the 1984 estimate. Finalco Group, Atwood Oceanics and Grolier are among companies in a similar bind.

Hunting grounds for low-P/E investors

Company/*business*	P/E latest 12 months	P/E 1984 estimate	EPS latest 12 months	EPS 1984 estimate	Stock price recent	Stock price 52-week high	Stock price 52-week low	Dividend	Yield
Standard Commercial Tobacco/*tobacco*	5.7	4.2	$ 2.96	$4.00	16¾	27	16¾	$0.11	0.7%
General Motors/*auto*	5.8	4.1	11.48	16.06	66½	80½	56	2.80	4.2
Tesoro Petroleum/*integrated oil*	5.8	6.6	2.68	2.35	15⅝	17¼	13⅜	0.40	2.6
Grumman/*aerospace*	6.0	5.8	3.82	3.95	22¾	33⅜	22¾	0.90	4.0
W Bell/*specialty retail*	6.1	5.9	1.32	1.35	8	14¾	8	0.02	0.3
Shapell Inds/*building materials*	6.1	5.0	7.40	9.14	45¼	53¾	42½	—	—
Kaneb Services/*oilfield services, coal*	6.1	7.3	2.30	1.94	14⅛	21⅛	13½	1.04	7.4
Swift Independent/*food processing*	6.2	5.3	4.42	5.18	27¼	37¾	26⅝	1.20	4.4
Mor-Flo Inds/*building materials*	6.3	5.9	2.30	2.42	14⅜	25¼	11	0.01	0.1
Murray Ohio Mfg/*bicycles*	6.3	6.5	3.53	3.43	22⅛	30¼	20⅜	1.20	5.4
Adolph Coors/*brewing*	6.3	6.1	2.55	2.62	16	29⅛	14½	0.40	2.5
Shaklee/*food processing*	6.3	7.0	2.62	2.37	16½	42¼	15¼	0.72	4.4
Sedco/*oilfield services*	6.3	7.3	6.02	5.20	38	48½	26¼	0.58	1.5
Lynden/*trucking*	6.3	5.1	3.71	4.63	23½	30	23¼	—	—
AMR/*airline*	6.3	6.1	4.79	4.98	30⅜	41¼	23⅜	—	—
Ladd Furniture/*home furnishings*	6.4	5.1	2.04	2.56	13	17⅜	12½	0.23	1.8
Nynex/*telephone utility*	6.4	6.5	9.54*	9.51	61⅜	66¾†	60†	6.00	9.8
Big Bear/*grocery stores, retail*	6.4	6.0	1.63	1.75	10½	15	10½	—	—
Manville/*building materials*	6.5	3.4	1.76‡	3.35	11⅜	16⅝	9⅞	—	—
Haverty Furniture/*retail*	6.5	5.6	1.92	2.24	12½	21⅜	10⅛	0.48	3.8
US West/*telephone utility*	6.6	6.6	8.96*	8.86	58¾	65⅛†	55⅛†	5.40	9.2
Todd Shipyards/*maritime*	6.6	5.5	4.65	5.57	30½	41¾	28¼	1.32	4.3
Genesee Brewing/*brewing*	6.6	5.8	5.20	5.90	34½	40½	27	1.00	2.9
International Multifoods/*food processing*	6.6	6.2	4.23	4.55	28⅛	36⅜	27½	1.76	6.3
Exxon/*integrated oil*	6.7	6.5	5.79	5.95	38⅜	40	29½	3.20	8.3
Southwestern Bell/*telephone utility*	6.7	6.8	8.93*	8.72	59⅜	66†	58⅛†	5.60	9.4
Radice/*construction*	6.8	5.6	1.10	1.35	7½	13½	5½	—	—
Rohr Industries/*aerospace*	6.8	6.6	4.32	4.46	29⅜	37⅜	19⅝	—	—
Pacific Telesis Gr/*telephone utility*	6.8	7.0	8.00*	7.81	54⅜	62¾†	51¼†	5.40	9.9
Kellwood/*apparel*	6.9	5.8	4.00	4.80	27¾	43¼	21⅜	1.00	3.6
Gap Stores/*retail*	6.9	5.8	2.59	3.08	17¾	48	17⅞	0.50	2.8
Blount Cl B/*construction*	6.9	4.2	1.69	2.75	11⅝	19⅝	11	0.36	3.1
Coachmen Inds/*manufactured housing*	6.9	5.4	2.78	3.57	19⅛	39⅝	15⅝	0.40	2.1
Bell & Howell/*precision instruments*	6.9	8.2	2.96	2.48	20⅜	29¼	18	0.50	2.5
Armstrong Rubber/*tire and rubber*	7.0	6.5	2.39	2.57	16⅜	22⅛	15	0.48	2.9
Cooper Tire & Rubber/*tire and rubber*	7.0	6.2	2.15	2.43	15	22¾	12⅜	0.36	2.4
Fischbach/*contracting*	7.0	7.3	6.45	6.13	45	55½	40¾	2.65	5.9
Oxford Industries/*apparel*	7.0	5.8	2.22	2.65	15½	25¾	14⅛	0.40	2.6
Salem Carpet Mills/*textiles*	7.0	4.3	0.57	0.92	4	10⅛	4	—	—
Roper/*appliances*	7.0	6.2	2.35	2.65	16½	29⅜	13	0.50	3.0

*Estimate †Price range is for less than 52 weeks ‡Chapter 11

Sources: Wilshire Associates, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Forbes

Statistical Spotlight

That means these companies aren't appealing to the low-P/E investor—unless that investor is willing to bet against the crowd when it comes to future earnings.

Most of the stocks on our list are expected to benefit from higher 1984 earnings. That means one of two things will happen: Either share prices will rise to reflect improved performance, or earnings multiples will fall, appealing all the more to bargain hunters. Sunstar Foods, Ford and Manville, for example, have particularly low multiples based on future earnings.

General Motors shows up favorably, too. If the analysts are correct, it is now priced at 4.1 times 1984 earnings. That seems like a bargain. But it is also a sign that investors are well aware of the cyclical peaks and valleys in the automobile business. Buying GM or Ford today may be less a bet on low-P/E ratios than a bet that the demand for cars won't fall rapidly after 1984.

Several industry groups, including food processing, building materials and telephone utilities, are well represented in our table. But you won't see any electric utilities or financial firms. Nearly all companies in these two groups trade at low current multiples, so we culled them from our list. We also tossed out any stock selling for less than $3.

If the economy continues to grow and investors regain their recent confidence, this list of stocks offers considerable upside potential. Many of these issues now trade near the low end of their 52-week price range. The average earnings multiple is 6.5 based on current earnings and only 6.1 based on fiscal 1984 estimates. At today's prices, that's about a 50% discount from the overall market. ■

Hunting grounds for low-P/E investors

	P/E		EPS		Stock price				
						52-week			
Company/*business*	latest 12 months	1984 estimate	latest 12 months	1984 estimate	recent	high	low	Dividend	Yield
Morrison-Knudsen/*construction*	7.0	7.7	$3.97	$3.62	27⅞	34⅛	26¼	$1.40	5.0%
Jewel Cos/*grocery stores*	7.0	7.2	6.09	5.94	42⅞	54⅝	42⅞	2.60	6.1
Shaw Inds/*textiles*	7.1	6.0	2.30	2.72	16¼	23	11⅜	0.50	3.1
Pacific Scientific/*aerospace*	7.1	8.5	1.98	1.65	14	39⅞	13⅛	0.40	2.9
Standun/*machinery*	7.1	4.6	1.13	1.75	8	18½	7⅝	—	—
Presley Cos/*building*	7.1	5.4	1.80	2.38	12¾	20¾	11⅜	0.30	2.4
Best Products/*specialty retail*	7.1	6.9	1.90	1.97	13½	26⅛	12¾	0.24	1.8
AH Robins/*ethical drugs*	7.1	6.5	2.40	2.65	17⅛	29⅛	16⅝	0.68	4.0
North American Coal/*coal mining*	7.2	7.1	6.27	6.38	45⅛	52¼	28¾	0.90	2.0
Cincinnati Bell/*telephone utility*	7.3	7.1	5.31	5.41	38½	41⅞	33¼	2.92	7.6
Tultex/*apparel*	7.3	5.9	1.62	1.98	11¾	30½	11	0.36	3.1
United Telecommunications/*tel utility*	7.3	6.4	2.61	2.99	19	25	18⅝	1.84	9.7
Bell Atlantic/*telephone utility*	7.3	7.3	9.69*	9.65	70⅝	75⅛†	65†	6.40	9.1
Palm Beach/*apparel*	7.3	6.1	3.60	4.28	26¼	36⅛	24⅛	1.20	4.6
Magic Chef/*appliances*	7.3	6.1	4.35	5.17	31¾	43⅜	24¼	0.80	2.5
Bassett-Walker/*apparel*	7.3	6.6	2.70	2.98	19¾	32¾	18	0.44	2.2
West Point-Pepperell/*apparel*	7.3	6.7	5.55	6.08	40⅝	54⅞	39¼	2.20	5.4
Phillips-Van Heusen/*apparel*	7.3	5.8	2.61	3.28	19⅛	23⅞	10⅛	0.40	2.1
Weinfields/*retail*	7.3	6.1	2.93	3.55	21½	27¾	18	0.80	3.7
Rowe Furniture/*furniture*	7.3	6.2	0.97	1.15	7⅛	11⅞	5⅞	0.17	2.4
Galaxy Carpet Mills/*textiles*	7.3	5.8	2.45	3.13	18	27	16	—	—
Standard Prods/*auto parts*	7.3	7.3	3.13	3.15	23	26⅛	11	0.40	1.7
GTE/*telecommunications equip*	7.4	6.7	5.00	5.50	36¼	48⅜	34⅞	3.00	8.2
GC Murphy/*retail*	7.4	6.1	4.19	5.07	30⅞	40⅜	21⅜	1.28	4.1
Burlington Inds/*apparel*	7.4	5.9	3.90	4.88	28⅞	43	26¼	1.64	5.7
Lockheed/*aerospace*	7.4	6.1	4.18	5.05	31	47½	30⅝	—	—
Standard Oil of California/*integrated oil*	7.4	6.0	4.65	5.75	34½	40⅞	31⅞	2.40	7.0
Fab Inds/*textiles*	7.4	6.3	2.12	2.50	15¾	19⅝	11¼	0.35	2.2
Jamesway/*retail*	7.5	6.7	1.91	2.14	14¼	25¾	11¾	0.10	0.7
Allied Stores/*retail*	7.5	6.6	5.75	6.55	43	56½	39¾	2.00	4.7
Levi Strauss & Co/*apparel*	7.5	7.1	4.61	4.86	34½	56	33⅜	1.85	5.4
Giant Food/*grocery stores*	7.5	6.6	2.65	3.02	19⅞	24⅞	18¼	0.60	3.0
Writer Corp/*construction*	7.6	5.9	1.21	1.57	9¼	19¼	9¼	0.10	1.1
Goody Products/*cosmetics*	7.7	6.5	1.24	1.47	9½	18⅞	9½	0.30	3.2

*Estimate †Price range is for less than 52 weeks

Sources: Wilshire Associates, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, Forbes

APRIL 23, 1984 THREE DOLLARS

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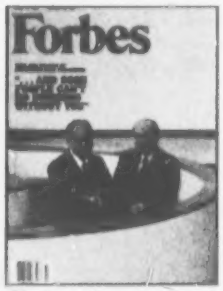
April 23, 1984
Volume 133,
Number 9



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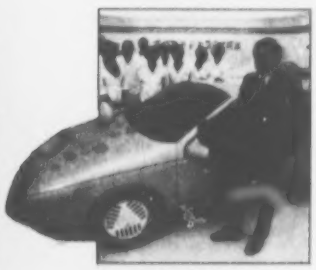

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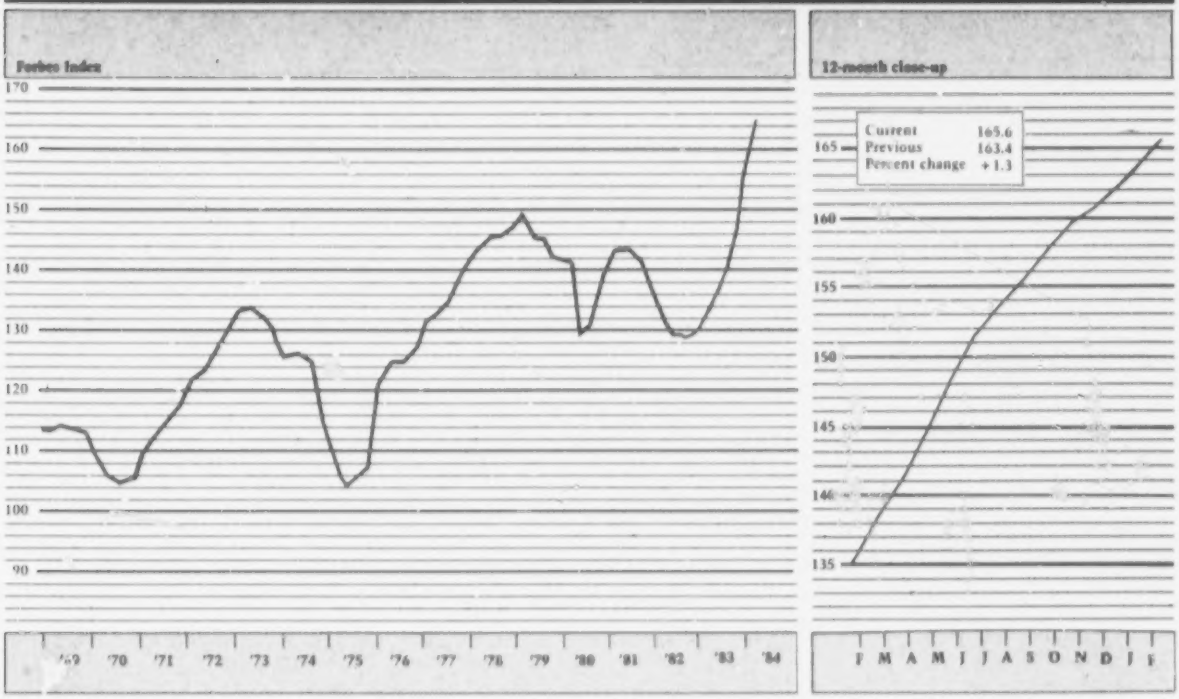
The Forbes Index



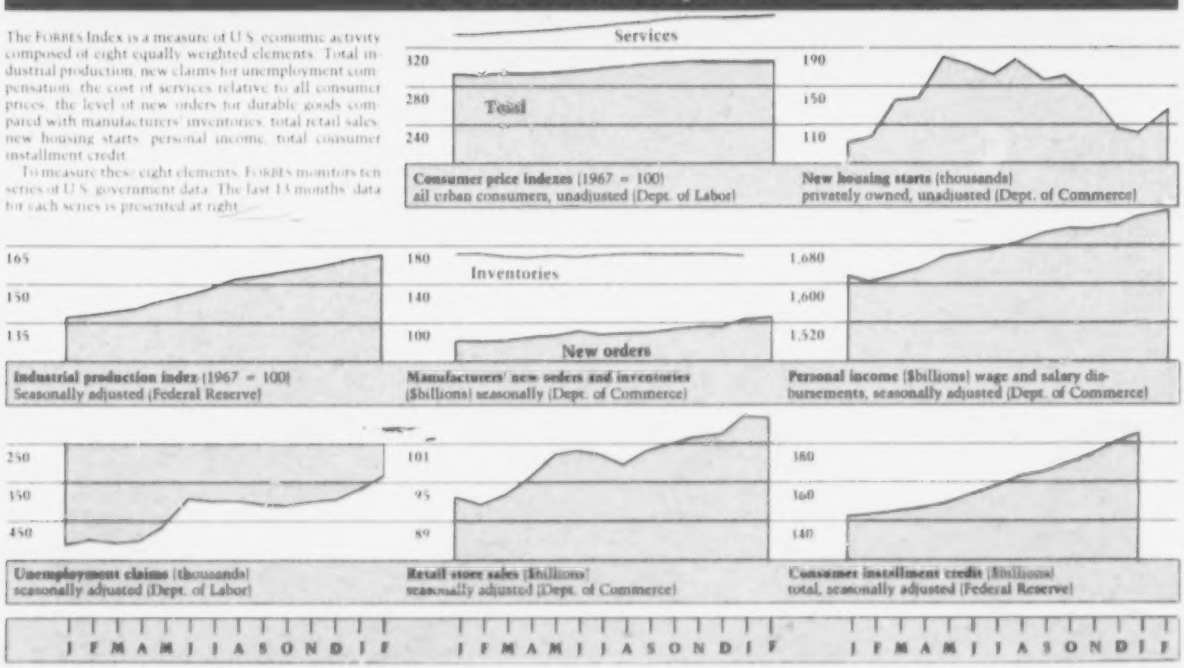
Building on success. The Forbes Index, with a 1.3% rise in the latest reporting period, continues to pile up impressive gains. Manufacturers' new orders show a 0.9% month-to-month increase. The most encouraging news, however, comes in the form of modest cost-of-living gains. The overall Consumer Price Index shows a 0.3% month-to-month rise. On an annualized basis, that works out to a gain of 3.9%. The CPI for services, meanwhile, rose almost 0.4%, for an annualized gain of 4.7%.

Inflation, it appears, is comfortably under control. But pressure for higher wages is mounting. Unions want to make up for the increases they gave back during the recession.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



A patient's place is in the home. That's a guiding principle in the new, cost-conscious medicine. It spells opportunity for many new companies.

The no-overhead hospital

By Anne Bagamery

THE SAVINGS ARE STAGGERING. An emphysema patient can spend $100 or more a day to have oxygen administered by a machine in a hospital—but he can rent a home version of the machine for $250 a month. Nutritional intravenous (IV) feeding in the hospital costs upwards of $480 a month; the same care at home can be had, solutions and all, for only a quarter of that, or $120 a month.

With cost-consciousness threatening to replace the Hippocratic oath in the ethos of health care, hospital managers and doctors are trying to send patients home a lot faster. Nobody is happier about this than the manufacturers and provisioners of health care products and services for the home. Theirs is one of the fastest-growing health care segments around. Spending on home health care—for equipment, nursing services and sundry other supplies—should increase around ninefold, to more than $9 billion a year, by 1990. Spending for hospital care, even though it is many times larger, should slightly more than double, to $340 billion a year.

Thus the market has attracted more than 100 smallish companies, many of them new ones. *(See table for a sampler.)* Some of the companies, such as Healthdyne, Inc., based in Marietta, Ga., make home versions of advanced hospital machines, including respirators, insulin pumps, monitors and many others. Until the home versions were developed, patients had no alternative to the hospital.

Other companies, such as tiny Medical Homecare, Inc. of West Palm Beach, Fla., provide nursing services, the use of a "clean room" for pharmaceutical mixing and equipment rentals from stores that often resemble pharmacies.

Most of the young companies' sales and earnings are growing vigorously. But so are price/earnings multiples.

Leaders in the field have distinguished themselves from old-line health care suppliers mainly in their dedication to the advanced technology that can turn the home into a place for treatment rather than recovery alone. "We're not interested in making wheelchairs," says Parker Petit, Healthdyne's chairman and chief executive officer.

Measured in dollars of GNP, more than 10% of America's economic activity is now devoted to health care. The government's effort to control the cost is providing much of the economic incentive. Overhead alone accounts for 25% of the cost of hospitalization, and that cost is eliminated in home care. "Hospitals are increasingly becoming fancy distribution centers," says analyst Todd Richter of Morgan Stanley & Co. "In the future you will see many more services done in the home."

The market looks so promising that the little companies are going to meet increasing competition from larger ones, among them big, for-profit hospital chains—Humana, Hospital Corp. of America, National Medical Enterprises and American Medical International. These are aggressively expanding their home care operations. Each has $1 billion or more in revenues to help finance ventures in home care, and each manages large hospitals whose patients are prime customers for home care.

Established hospital suppliers, including Baxter Travenol and American Hospital Supply, also have started expanding home care divisions. Drug companies have been buying medical-equipment makers in the past few years with an eye on home care technology; witness Warner-Lambert's 1982 acquisition of IMED.

The hospital suppliers and drug companies have a big advantage: established distribution networks and long-standing tie-ins with doctors who call the shots on home care procedures. That's very important because, as Morgan Stanley's Richter points out: "Doctors are creatures of habit. It is going to take a lot to get them to break their old connections."

Does that mean the day of the small companies who helped pioneer this field is over? Not at all. With technological edges, they will probably be able to compete. Take Healthdyne's infant monitor, which helps doctors prevent crib deaths. This device, which Chairman Petit invented in 1971, is the standard of the industry and accounts for around 7% of Healthdyne's $132 million in 1983 sales.

Location can also give the newcomers an edge. Medical Homecare's market on Florida's Gold Coast is filled with smallish hospitals, old patients and young doctors who "really need help in managing home care," says Chairman Edward Wilsmann. Even where the competition is stiffer, the market for home care is growing so fast that there's still room for lots of it. ■

Infant industry

Below, a sampling of companies—some established, some fledgling—in the growing business of providing home health care.

Company	Fiscal '83 sales (000)	EPS	Shares outstanding (millions)	Recent price	52-week high–low
Foster Medical	$126,000	$0.64	12.2	14	16¾–5⅞
Healthdyne	132,700	0.38	13.8	7⅛	41¼–6½
Home Health Care of Amer	38,900	0.34	13.9	8⅛	30 –6
Medical Homecare		6*	–0.01*	11.8	1 1/16	NA
Sunrise Medical		3†	–0.48†	1.1	13¾	NA

*In business two months †In business six months NA: Not applicable

Employee-owned Katz Communications in Manhattan
Motivation is more than rah-rah. "You get your ass fired here if you don't perform," says President Richard Mendelson.

Worker ownership is supposed to bring higher productivity and a wider distribution of wealth, on credit. But is there a free lunch?

The myths of employee ownership

By William Baldwin

Louis Kelso and his employee-ownership movement are on a roll. In the past 12 months alone Weirton Steel; Raymond International, the construction and engineering firm; and Dan River, the textile firm, with 23,000 employees among them, have converted to 100% employee ownership. When the U.S. government sells Conrail, and when the charitable foundation that owns it sells giant Hughes Aircraft, workers want to be the buyers. Right now, says the Arlington, Va.-based National Center for Employee Ownership, some 500 U.S. corporations are at least 51% owned by employees.

Kelso, the 70-year-old San Francisco attorney who has been preaching the virtues of universal capitalism for three decades, is no longer actively involved in dealmaking. But his namesake firm, Kelso & Co., engineered nine employee buyouts last year and is currently working on another half-dozen proposals, including two with billion-plus price tags.

Politicians love employee stock-ownership plans, or ESOPs. "It could save hundreds of thousands of jobs," says Robert Roe, a New Jersey congressman who helped employees take over Okonite Co. Senator Russell Long, who has been inserting pro-ESOP rules in the tax code since 1975, last month got six more ESOP breaks through a tax committee, even as it labored on a tax increase to cut the deficit. The most important of them would grant lenders a 50% tax exemption on ESOP loans.

Why this subsidy? Debt is the driving force of the current wave of worker takeovers, and a good part of why ESOPs are politically appealing. The theory goes like this: Rich folks can borrow money to make money; the rest of us can't. Give the worker access to credit, says Norman Kurland, a Kelso disciple and ESOP consultant, and he can bootstrap himself into ownership of productive assets. Wealth without redistribution. Says Senator Long in his new ESOP measure: "If we continue to rely solely on traditional techniques of finance, the rich-get-richer legacy of U.S. capitalism will continue unabated."

Beyond spreading the wealth, ESOP crusaders promise an end to confrontation between labor and management, an end to featherbedding—and even an end to the welfare state. Who needs it when we all have a second income as capitalists? It would be, Kelso has said, a "Garden of Eden."

Maybe so, but after a month spent looking at an assortment of worker-owned companies, Forbes regretfully reports that some of the apples in the garden have worms. Like other outfits, ESOP companies sometimes succeed and sometimes don't. They don't always mean labor peace; strikes aren't uncommon. They don't always mean a go-get-'em attitude among workers; owning a one-thousandth share of the business isn't the same as being a proprietor. And ESOPs aren't exempt from the laws of economics, one of which says that capital can come only from saving. Not even

Three of the 1,500 current owners of Okonite comment on work attitudes, the ESOP and strikes

"About 90% of the guys really worked harder" after the buyout, says John Kortz, who started there in 1933.

"They gave it to me on a silver platter," says a grateful Jessie Bratcher, clerk, of her ESOP shares.

"It was a kick in the face," says John Nordyk, telling why workers vetoed a wage offer and struck themselves.

worker-capitalists, it turns out, can save their cake and eat it too.

Witness the power struggle under way at American Cast Iron Pipe Co., a 79-year-old foundry that fills 50 acres of factory buildings in Birmingham, Ala. President Carl Farlow, 62, who started as a messenger 45 years ago, has kept the balance sheet clean: $122 million of stockholders' equity, no funded debt. If workers have their way, it won't stay like that. They want more bonus money, even if the company has to go into hock to pay it.

Acipco was bequeathed to its workers in 1924 on the death of founder John Egan, an industrialist whose speeches decrying the rich-get-richer legacy of capitalism sound like Senator Long's. Today, the 2,900 employees don't collect dividends and they own no stock directly. Instead, the bequest yields them profit-sharing bonuses recently averaging 18% of pay, on top of the average production worker's $8.80 per hour. After bonuses and income taxes, all profits are plowed back into the casting machines, ladles and overhead cranes whose banging can be heard outside Farlow's window.

Under an arrangement that John Egan made while still alive, 12 workers elected from the shop floor sit with 5 executives on the board of trustees. After 59 years of rubber-stamp complacency, the workers mutinied last year. The 12 workers on the board reread Egan's will and decided that they, not management, should control the company. Then they announced to fellow laborers that Acipco had improperly withheld $24 million in bonus pay.

Farlow fired the worker-trustees, who then got their jobs back under court order. Now lawyers have settled in for prolonged litigation over John Egan's will. If labor wins, there may be a $24 million pot to hand out today. But what about tomorrow? Last year Acipco's sales were off a third from the 1981 peak of $317 million, and the company lost $4 million. Even in 1981 it eked out only a 10% return on capital. Credit costs more than that these days.

Acipco's workers might well ponder the plight of Rath Packing Co., a worker-owned meat processor that landed in bankruptcy court last fall. Cause: overpowering debt, at rates between 3 and 5 points over prime. True, Rath was a mess when workers took it over in 1980, not uncommon in the ESOP game, but a line of credit allowed them to postpone the severe wage cuts that were necessary.

There are success stories, too, of course. Okonite Co., a Ramsey, N.J. wire and cable manufacturer, bought itself free of a troubled Jimmy Ling conglomerate in a 1976 ESOP transaction. The $44 million price, approximately book value, was all borrowed, including $13 million in federally subsidized credit at rates as low as 1%. The 1,600 workers didn't put up a penny, took no pay cuts and kept their regular pension plan. The company has been paying off the debt via contributions to the ESOP, building the workers' equity from approximately zero to $45.3 million. It helped that

the company was well managed, that several competitors dropped out of the business and that demand for Okonite's high-performance marine and nuclear-power-plant cables kept up through 1981. In its best year, 1981, Okonite earned $7.3 million—after a $6.5 million ESOP contribution and income taxes. Last year, with sales off 20%, to $160 million, was the first in the red since conversion to employee ownership.

Worker ownership hasn't transformed labor relations at Okonite. There have been four strikes since the buyout. But workers, with an average $22,000 or so in their stock accounts, are grateful for the ESOP fringe. Says Jessie Bratcher, 33, a file clerk at Okonite's 95-year-old plant in Passaic, N.J.: "They gave it to me on a silver platter."

ESOP advocates see such successes as proof that workers in general ought to be able to leverage themselves into productive wealth. "This goes back to Kelso's theory, that capital is created with credit, that capital investment, if properly made, should pay for itself out of underlying earnings," says Joseph Schuchert, president of Kelso & Co. in New York City. "It's the immense capability of capital to regenerate itself."

But is access to credit really what makes the rich different? A laborer can put his $2,000 IRA into shares of a risky, debt-laden firm, and buy on almost the same terms as a Rockefeller. That such shares don't always go up shows that leverage curs both ways. Put aside for a moment the tax breaks *(see box, opposite)* and interest subsidies. Workers who borrow at 15% to buy a factory returning 20% on capital will, yes, make money off the leverage. If they get assets that return 10% they will be impoverished by the leverage.

What happens when subsidized credit runs out? Worker-owned Jeannette Sheet Glass Corp. in Jeannette, Pa. is the only U.S. factory left making glass by the obsolete vertical sheet process. The factory was shut in 1978, throwing 450 workers out on the street. They pitched in $2,000 apiece in equity, raised $4.1 million in state loans and federally guaranteed bank debt to rebuild the glass furnace, and had the plant running again in 1980.

They worked harder for less pay—at $7.50 an hour, wages have fallen in real terms by almost a third from the old days—and saved 340 jobs. Says President William Tofaute: "What can we do to restore American productivity? Instead of the old system of a union on one side and management on the other, let's work together."

Heartwarming. But Jeannette Sheet Glass has been in the red for most of the past four years. The furnace must be rebuilt by 1986 at the latest, at a cost of $5 million or more. Tofaute is trying to turn up some venture capital but has had no luck yet.

The most glowing ESOP achievements, it seems, are destined for workers whose talents would enable them to build capitalist wealth at a conventional firm. Look at Katz Communications Inc., which brokers air time to national advertisers on behalf of 650 or so radio and television stations. Employees, with advice from Kelso & Co., bought the firm from the Katz family in 1971 for $3 million. At its most recent appraisal the company was worth $64 million.

"I'm rich. This is a gold mine. It's electric. It's turned on," says Katz President Richard Mendelson, 50. "How would you like to work for the same money or better and own a piece of the action? We have secretaries who retire with $300,000. Instead of getting a gold watch you go out and buy the jewelry store. And it's all at risk. When we compete against John Blair [an archrival in station representation], we can say, 'It might be wise to choose the people that are in business for themselves and have everything at risk.' "

At risk it is. Katz plunged into radio station ownership in 1981, with mostly borrowed money. It borrowed another $23 million a few weeks ago to buy two station rep firms and a tenth station. So far so good; the older stations are appraised at 32% more than purchase price. Thanks to that, the appraised value of Katz stock has climbed 73% in the past two years.

Perhaps, with salaries averaging $30,000 (plus 15% put into the ESOP), these folks can afford risk. At John Blair, the publicly traded competitor, they would have a noncontributory 15% profit-sharing plan too, the difference being that Blair leaves it up to the worker whether to buy Blair stock

Owning the means of production

Worker-owned firms are, in some ways, like partnerships. A partner would ask: How much capital do I have tied up here? What can it do for me? Is it safe? Among these examples, Okonite looks fat; Graybar looks thin. But averages often obscure how the pie is cut, for the boss gets a bigger slice than the janitor.

Company/business	Sales (millions)	Employees (thousands)	Per active employee: worker surplus[1]	funded debt	equity	appraised value[2]	pension assets[3]
American Cast Iron Pipe/foundry[4]	$ 317	3.0	$12,000	$ 80	$40,000	NA	$21,000
Bureau of National Affairs/publishing	96	1.5	8,800	5,300	18,200	$25,000	9,000
Graybar Electric/wholesale	1,358	4.2	3,200	1,190	34,000	18,900	14,700
Katz Communications/advertising	66	1.1	4,700	20,000	18,000	48,000	9,800
Okonite/wire and cable[4]	218	1.9	11,600	16,300	20,000	18,000	11,500
Publix Super Markets/food	2,521	16.2[5]	6,200	770	18,100	27,000	7,200
Raymond International/construction[6]	1,420[7]	4.0[5]	7,300[8]	36,000	14,900	NA	10,500
Science Applications/defense	290	4.2	7,700	240	10,900	26,000	NA
United Parcel Service/delivery	5,213	10.2[5]	70,600	540	109,000	161,000	NA

Data for fiscal year 1982, except where noted. Averages at right are calculated as if only current employees participated, although former employees and heirs in some cases have a claim on assets and profits. [1]Pretax income before pension, profit-sharing and ESOP. [2]Established share price times number of shares outstanding. [3]Retirement savings, excluding shares in company itself. [4]1981 data. [5]Excluding hourly and part-time workers not in stock plan. [6]1983 data. [7]Estimate. [8]Pro forma, as if buyout had occurred after year-end. NA: Not applicable.

Sources: Department of Labor, SEC.

Raymond engineers a buyout

Thanks to the efforts of Senator Russell Long (D–La.), an early believer in Louis Kelso's theories, corporations may deduct contributions up to 25% of payroll to employee stock ownership plans. Combined with the usual tax advantage for debt financing—the deductibility of interest—the ESOP rule can make employee-owned companies virtually tax-exempt.

Here's how it worked at Raymond International, the Houston-based construction firm purchased last fall by its 4,000 employees. Though they paid a 15% premium over market, or $157 million, for the publicly traded shares and spent $8.5 million in fees and costs to swing the deal, employees should do well with their investment. Over its last five full years as a public company, Raymond paid about $25 million in domestic and foreign income taxes of the kind it could dodge as an ESOP firm.

Some arithmetic: Interest deductions on $180 million of bank debt incurred in the buyout are likely to end within five years, when that debt is paid off.

But there will always be ESOP contributions of 25% of payroll chewing up what would be, in other companies, taxable profits. That contribution now amounts to $33 million a year. The ESOP gets that much in stock. The cash stays at Raymond.

How does this differ from the tax treatment of conventional pension plans? When AT&T puts money in its pension fund, it gets a deduction. But when the AT&T fund buys stock in IBM, it shares in IBM profits after an income tax on IBM. When Raymond's fund owns Raymond, there is potentially no domestic income tax anywhere in the picture. (The older firms in the table on page 110 do, by contrast, pay a lot of income tax.)

ESOP participants pay a price for this tax favoritism: increased risk. As management theorist Peter Drucker has noted, two-thirds of all businesses decline over the span of a working lifetime.

A worker-owner could lose his retirement savings and his job all at once. As is often done in leveraged ESOP buyouts, Raymond ceased funding a regular pension plan in order to help finance the transaction.

Says Raymond Chairman Henry LeMieux, 57, "A guy just starting to work for us will have all his eggs in one basket. It's a risk. But the rewards are much greater."

The rewards extend beyond the blue-collar workers. LeMieux, other executives and investment bankers Kelso & Co. were cut in on a special class of common stock that cost only $6.5 million but should ultimately represent a 20% ownership of the company. And Kelso & Co. picked up a $1.6 million fee in the transaction.—W.B.

or a diversified portfolio.

There's nothing wrong in having all your savings in a stock that never goes down, if that's what happens. But is Katz growing because it has an ESOP or is the company growing because half a salesman's pay is a performance bonus? Says Mendelson: "You get your ass fired here if you don't perform." That's motivation.

Not all employee-owned companies are turned on like Katz. "It's an illusion," says John Kirby, the ad director at *Scientific American* who quit a similar position at employee-owned *U.S. News & World Report* after 15 years. "Nobody felt that he had a vital stake that was susceptible to enlargement." At *U.S. News & World Report*, the ESOP is a big success in a different way: The company has put itself up for sale, and a sale could make older employees very well off.

"The unfortunate fact is that there is no direct, automatic relationship between employee ownership and improved economic performance," says Joseph Blasi, a Harvard lecturer leading a study of worker capitalism. "A lot of fundamentalist fervor about employee ownership is misplaced."

Worker-owned companies, remember, are not immune to economic reality. Last year American Cast Iron Pipe completed its new $23 million No. 3 pipe shop. It replaced a mill that took twice as much labor to turn out half as much pipe. The improvement came, in effect, right out of the workers' pockets, since they didn't get that $24 million in bonuses. Thus, ESOP or no, the worker-capitalists at American Cast Iron Pipe were not able to save their cake and eat it, too.

Saving for the future rather than spending now, that is and has been the essence of capital formation. ESOPs don't solve the dilemma. ■

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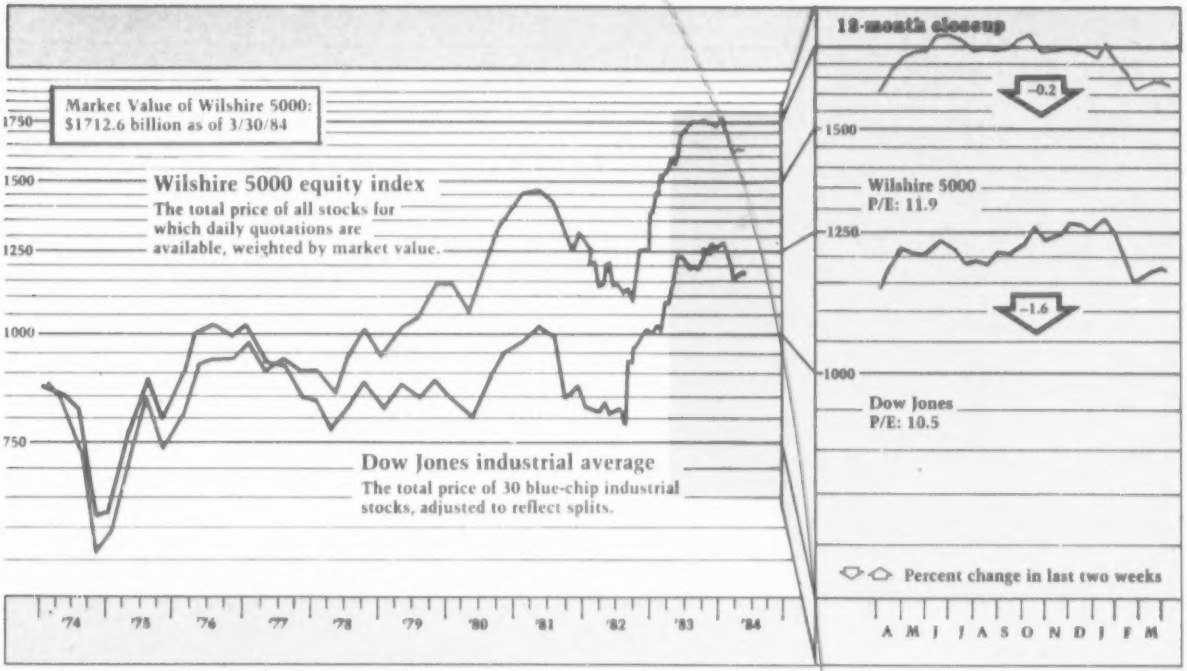
The Forbes/Wilshire 5000 Review



One-way ticket to nowhere. Neither the bulls nor the bears showed much enthusiasm during the past four weeks. Overall trading volume was also anemic, despite a few dramatic swings. In the end, most investors finished the period just about where they started. The Wilshire index of more than 5,000 stocks was off 0.3% for the month, while the Dow industrials fell 0.6%. The NYSE composite was unchanged, and the Forbes 500 (Sales) index lost 0.1%. Secondary issues didn't do as well. The Amex dropped by 0.7%, and NASDAQ stocks were down 1.9%.

The results are nearly the same for the latest two weeks—except that, for this more recent period, the Dow industrials show the largest setback, a 1.6% drop. On a 52-week basis, the Amex index continues to hold the greatest lead, an 8.6% advance. NASDAQ stocks, meanwhile, are the only group in negative territory for the one-year period, with a decline of 7.4%. The market as a whole, as measured by the Wilshire index, is ahead by 2.1% for the latest 12 months.

The investor yardsticks *(below)* also reveal an unusually lackluster period. None of the contrasting groups performed significantly better or worse than the market.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.3	–0.1	–0.6	0.0	–0.7	–1.9
in last 52 weeks	2.1	3.0	3.1	4.1	8.6	–7.4

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.3	0.2	–0.3	0.3	–0.6	–1.0	–1.0	0.3	–0.2	–0.7	0.6	0.2
in last 52 weeks	3.9	23.6	12.2	14.9	0.5	16.8	13.5	14.7	14.2	14.2	6.9	15.9

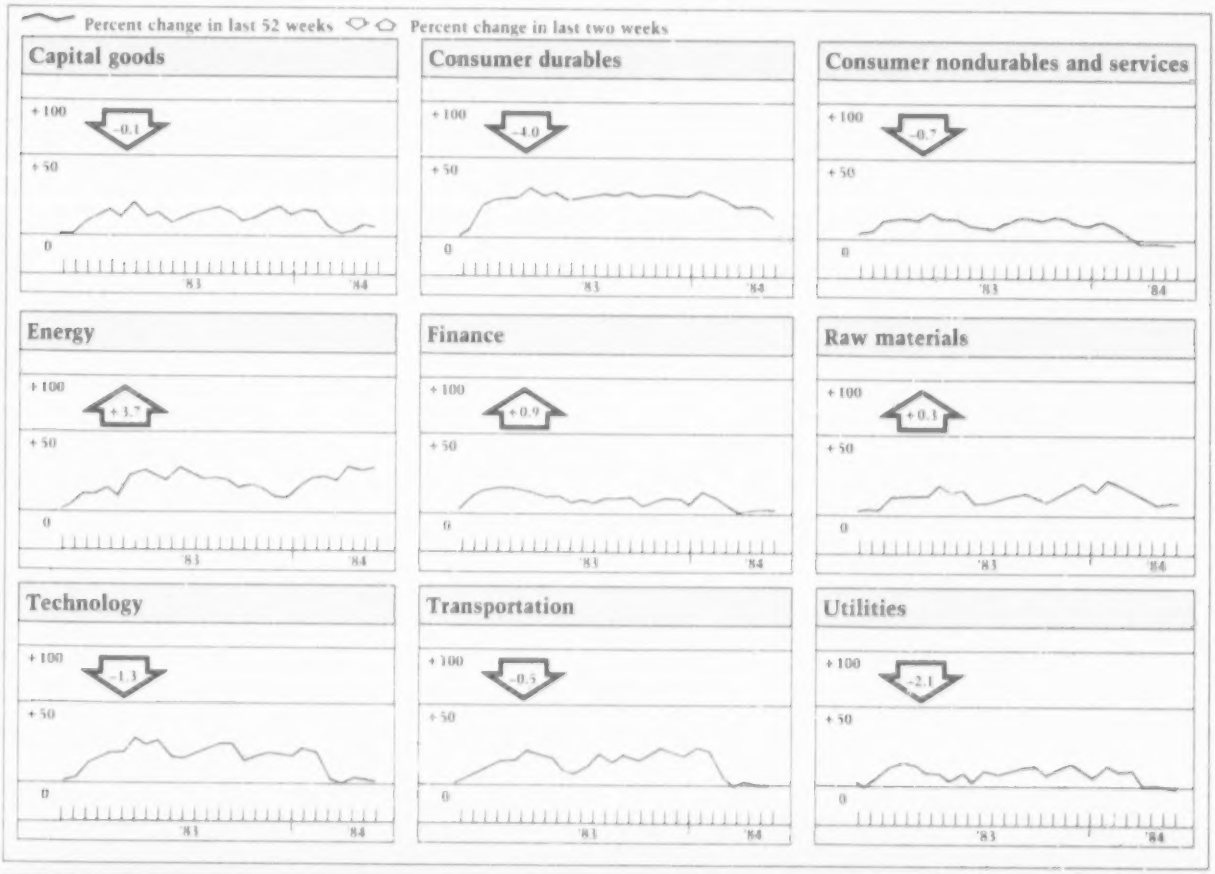
[1]Based on sales
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/30/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Fickle consumers. The market is looking beyond favorable earnings projections for this year. Although security analysts raised their 1984 estimates for the consumer durables sector more than for any other group, these shares suffered the largest loss during the latest two- and four-week stretches. Investors shied away from auto stocks. And lower market forecasts for new aircraft orders helped Boeing lose 4½ points over the last four weeks. Hard times continued for the utilities, too. During the last month electric companies lost 3.5%.

Meanwhile, merger activity has helped energy stocks to lead the other sectors over the last ten trading days. On a 52-week basis the oils, up 25.9%, now command an even larger lead over the other industry groups.



What The Analysts Think

Signs of progress. During the last two-week period, Wall Street analysts raised their earnings estimates for consumer durables, energy and capital goods sectors. But they lowered forecasts for the remaining six groups. The sharpest drop in earnings estimates for 1984 came in the transportation sector.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.75	11.8
1984 estimates	4.24	8.0
1985 estimates	5.17	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Consumer durables	$1.17	0.90%	-0.09%
2	Energy	2.84	0.73	-0.11
3	Capital goods	2.38	0.13	-0.65
4	Utilities	3.60	-0.04	-0.03
5	Consumer nondurables	2.71	-0.54	-1.39
6	Technology	1.97	-0.60	-0.78
7	Finance	3.03	-0.67	-1.41
8	Raw materials	1.27	-0.98	-1.88
9	Transportation	3.03	-2.48	-3.39

Earnings projections are capital-weighted consensus estimates from over 1,400 security analysts. Estimates for the Forbes universe are limited to firms with four or more estimates with a mean estimate greater than $0.01. Data are compiled and updated weekly by Zacks Investment Research, an Chicago-based quantitative consulting firm.

Note: All data for periods ending 4/8/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

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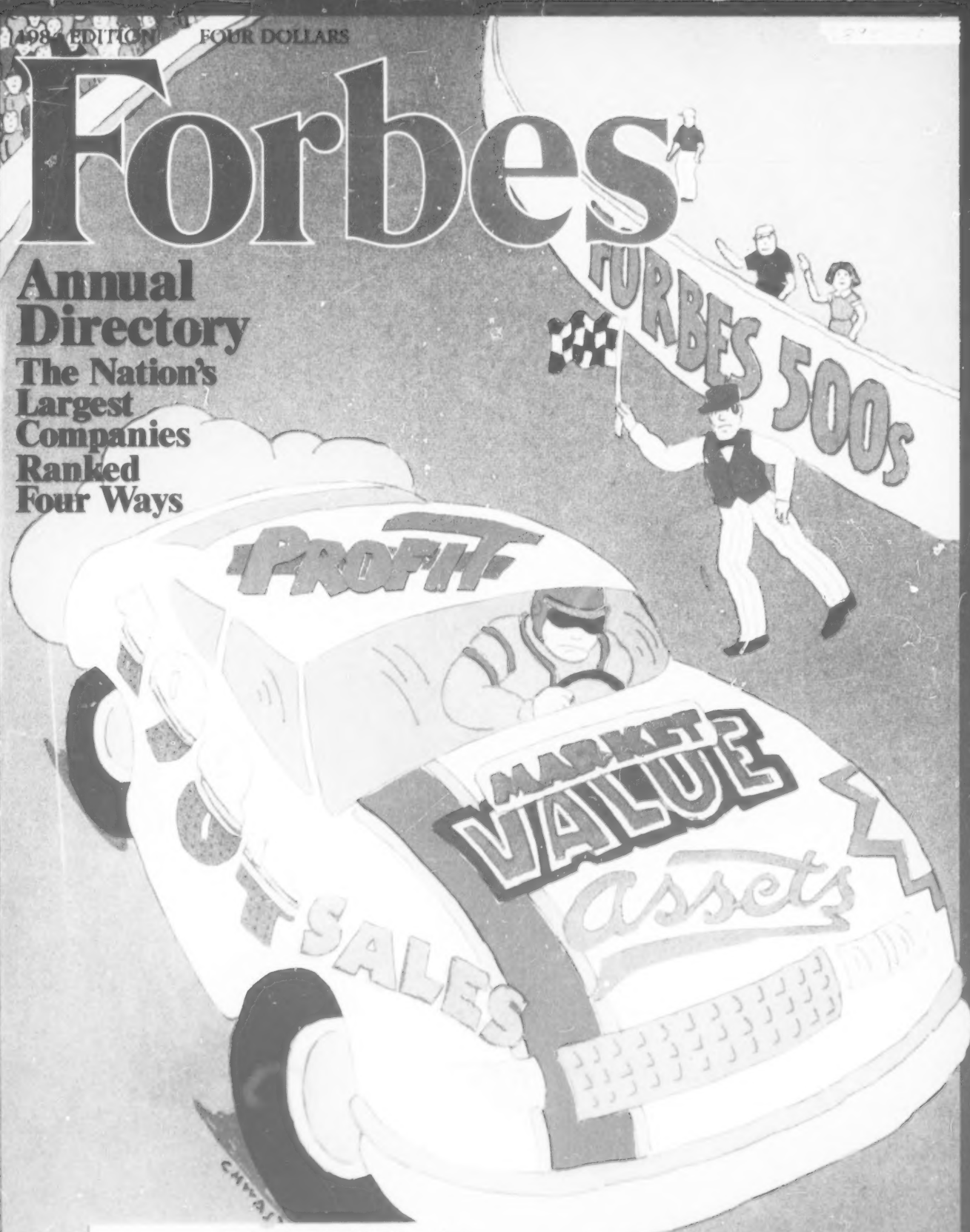

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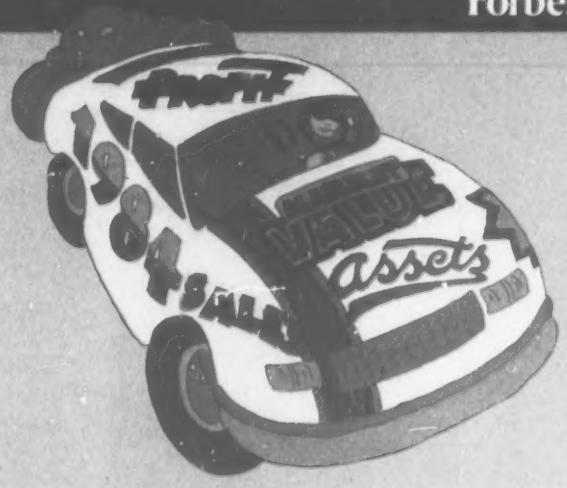

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The Forbes 500s

The nation's 808 largest companies ranked four ways.

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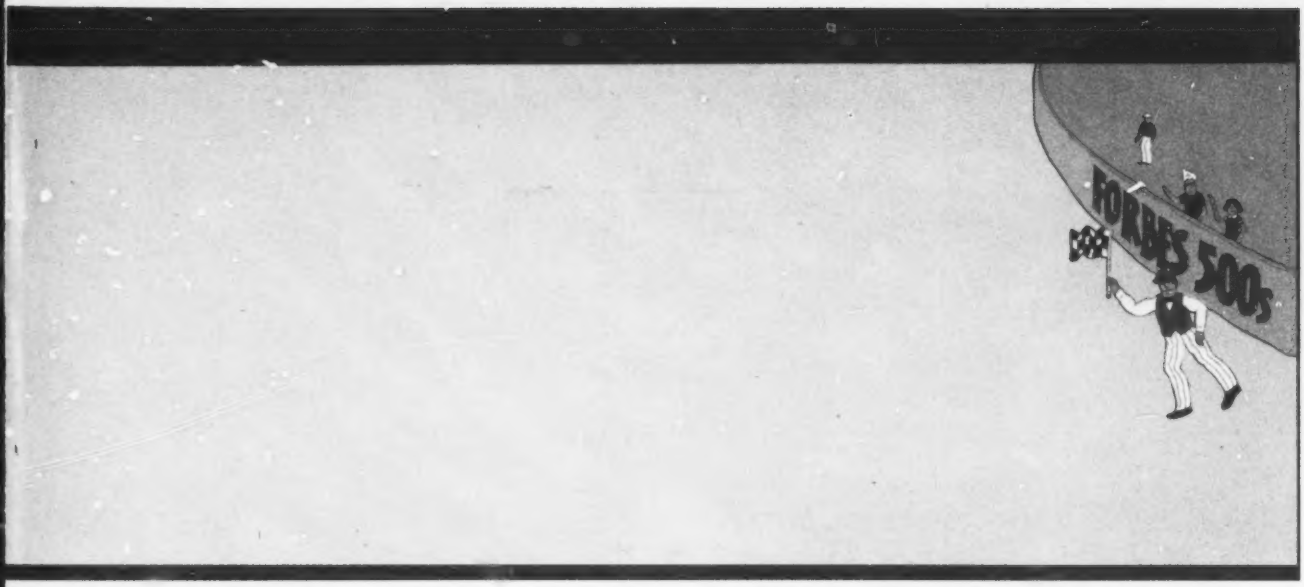

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Sales were up slightly for the 500s in 1983. But never mind. The real improvements came in profitability. Those gains impressed investors, who pushed up market value numbers even more.

It was a very good year

As the percentage changes in the box below indicate, 1983 represented a return to good times for The Forbes 500s. Not only are all the totals up, they're up in the right way.

Market value and profits figures, for example, rose far more than sales or assets. This is good news because it means that net margins, return on equity and other measures of efficient use of capital are also moving up. After being hit hard by the recession, balance sheets of The Forbes 500s should recover fast.

There is encouragement, too, on the productivity front. The Forbes 500s managed to do nearly $91 billion more business in 1983 than in 1982. But they handled this increased volume with only 285,000 more employees. On the average, a pleasing $321,000 in additional sales stood behind each new worker, almost 3 times the overall sales-per-employee figure.

In general, the companies enjoyed last year's good times roughly in proportion to their ability to benefit from consumer spending. Retailers posted gains that were well above average. But capital goods producers didn't.

The situation in the construction industry beautifully reflects the nature of the recovery. There was a steady increase in housing starts. So the 17 building materials companies included in The Forbes 500s roster earned $1.5 billion last year, a gain of 91%.

Folks who sell mobile homes did even better. On the average their gains amounted to over 200%. When people buy new residences, of course, they also buy appliances, furniture and carpets. Companies in these groups did well, too.

Now look what happened in heavy construction. Fluor, Morrison-Knudsen and other companies that handle massive projects had a rough time. So did producers of heavy machinery like Allis-Chalmers, Caterpillar and International Harvester. If no one was ordering bulldozers, however, lots of drivers were flocking to showrooms to buy cars. Result: Automakers were a major beneficiary of the consumer-led recovery, and their rebound is a major reason why The Forbes 500s numbers look so good.

In 1982, for example, Chrysler and Ford lost money, while General Motors made $3 billion less than it did in 1983. When the good times hit, however, automakers posted total profits of over $6 billion—nearly 5% of the earnings of all The Forbes 500s firms. But that's only part of the story. Suppliers did well—from tire producers to companies that make paint and fabrics.

When people buy cars, they drive them. But that wasn't enough for the oil companies. They scored modest assets and profits gains last year, but most are still earning considerably less than in 1981. This sluggish performance is a major drag on The Forbes 500s, even though many other companies benefit from lower energy prices. The 23 integrated oil producers on this list account for roughly one-sixth of total sales and profits. Major moves in their earnings can affect the totals dramatically.

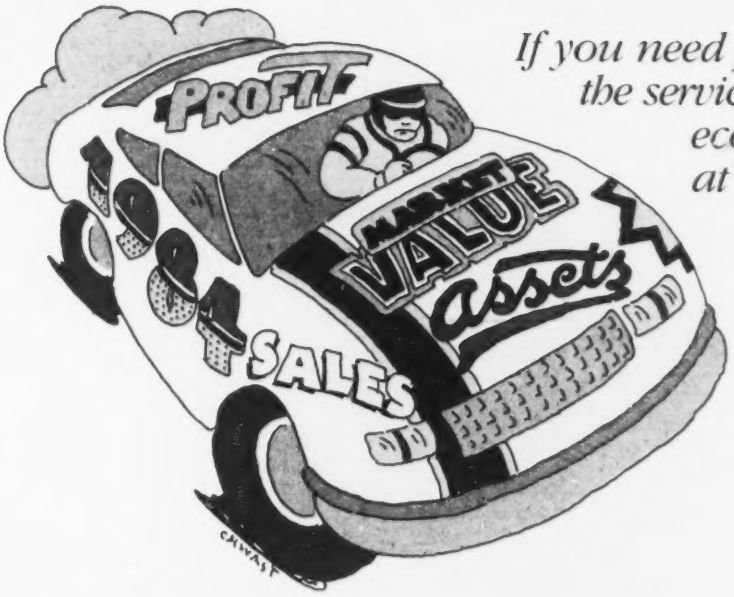
The Forbes 500s, of course, are an ever-changing group. If the economic recovery continues, we can expect to see some major movement next year. Many of the now-depressed capital goods producers and energy companies, which saw only modest gains this year, could lead the list in 1984.

The grand totals

There is good news in this table. Reduced inflation rates make sales growth look sluggish. But profit and market value growth rates bested their five-year averages. Employment, meanwhile, is on the rise again.

Category	1983 totals	% change from 1982	5-year growth rate
Sales 500s	$ 2.48 trillion	+ 3.8%	+ 9.1%
Profits 500s	$131.6 billion	+17.0	+ 7.9
Assets 500s	$4.24 trillion	+10.8	+11.2
Market value 500s	$1.32 trillion	+22.8	+14.2
Total employment of 500s companies	$21.9 million	+ 1.3	–0.2

The Forbes Sales 500



If you need proof that the growth of the service sector is changing the economy, just look closely at this list. Three of the top ten companies don't make anything.

In an age when newer nearly always means bigger, the top of The Forbes Sales 500 has been shrinking. Exxon, the perennial list-leader, had revenues of $108 billion in 1981, but for the past two years that figure has declined steadily. Falling oil prices, of course, are the cause for the drop. On the plus side, of course, they are also a reason for the recovery of the automobile business, which helped give General Motors its strong second-place showing.

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
1	1	Exxon	88,561	–8.9
2	3	General Motors	74,582	24.2
3	2	American Tel & Tel	69,403	6.6
4	4	Mobil	54,607	–8.9
5	6	Ford Motor	44,455	19.9

Something else is happening to the firms that reach the top of this list. Each year, fewer of them are manufacturers or natural resource companies. In 1983, for example, three of the firms in the top ten—AT&T, Sears, and fast-growing Phibro-Salomon—are classic service businesses. Similar changes are under way in the lower ranks, where service-oriented newcomers include CFS Continental, Federal Express and Leaseway Transportation.

When it comes to gains and losses, events in the oil patch took a heavy toll. Each of the leaders, in terms of percentage revenue decline, can trace its trouble straight to the oil patch. NL Industries and Baker International are in the depressed drilling services business. Tosco is a refiner, and United Energy is a pipeline. Continental Illinois is in the same boat. Its difficulties stem in part from energy-related loan losses.

Where is the good news? In terms of sales gains, Financial Corp. of America is the runaway leader. An aggressive asset-growth program has helped this West Coast thrift institution make its debut on this table. Fleetwood, meanwhile, scored impressively because of a pickup in recreational vehicle sales. Falling oil prices cut both ways.

Mergers helped other sales winners. In a highly publicized move, Allied Corp. acquired Bendix, and Morton Thiokol is a combination of Morton-Norwich and Thiokol. MCI, meanwhile, benefited from heavy demand for cut-rate telephone service.

Winners

The leaders in sales growth

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
346	■	Fin Corp of America	1,827	137.2
455	■	Fleetwood Enterprises	1,313	79.0
345	■	Morton Thiokol	1,830	78.3
411	■	MCI Communications	1,521	67.8
44	77	Allied Corp	10,022	66.7

Losers

The laggards in sales growth

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
437	295	NL Industries	1,390	–35.0
270	183	Tosco	2,494	–28.0
155	94	Utd Energy Resources	4,035	–27.3
141	82	Continental Illinois	4,381	–25.6
351	258	Baker International	1,788	–25.3

■ Not on 500 list in 1982

Source: Media General Financial Services, Inc., Forbes

The Forbes Sales 500

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
6	7	IBM	40,180	16.9
7	5	Texaco	40,068	−14.7
8	10	Sears,Roebuck	35,883	19.5
9	9	E I du Pont	35,173	6.1
10	13	Phibro-Salomon	29,757	11.4
11	12	Standard Oil Indiana	27,635	−1.6
12	8	Standard Oil Calif	27,342	−20.4
13	14	General Electric	26,797	1.1
14	11	Gulf	26,581	−6.5
15	15	Atlantic Richfield	25,147	−5.0
16	17	Shell Oil	19,678	−1.9
17	19	Occidental Petroleum	19,116	8.3
18	22	K Mart	18,598	10.9
19	21	Safeway Stores	18,585	5.4
20	20	Citicorp	17,037	−4.1
21	18	United States Steel	16,869	−8.2
22	23	Phillips Petroleum	15,249	−2.9
23	33	Kroger	15,236	3.2
24	24	Sun Company	14,730	−5.1
25	28	United Technologies	14,669	8.0
26	25	Tenneco	14,449	−3.5
27	27	Aetna Life & Cas	14,411	1.8
28	16	*ITT	14,155	−7.1
29	26	BankAmerica	13,299	−11.5
30	42	Chrysler	13,240	31.8
31	31	GTE	12,944	10.0
32	32	Procter & Gamble	12,633	2.7
33	34	CIGNA	12,564	6.4
34	35	J C Penney	12,078	5.8
35	36	Travelers	12,002	5.5
36	29	Standard Oil Ohio	11,599	−11.8
37	48	Boeing	11,129	23.2
38	39	Dow Chemical	10,951	3.1
39	■	BellSouth	10,681	3.8
40	37	R J Reynolds Inds	10,371	11.2
41	38	Eastman Kodak	10,170	−6.0
42	■	NYNEX	10,143	4.7
43	40	Unocal	10,066	−3.1
44	77	Allied Corp	10,022	66.7
45	55	American Express	9,770	20.7
46	51	Goodyear	9,736	1.5
47	43	Dart & Kraft	9,714	−2.6
48	44	Westinghouse Elec	9,533	−2.2
49	46	Philip Morris	9,466	5.5
50	49	Beatrice Foods	9,441	3.3
51	■	Ameritech	9,041	3.6
52	47	Union Carbide	9,001	−0.7
53	45	*RCA	8,977	12.0
54	■	Bell Atlantic	8,883	6.2
55	58	Federated Dept Strs	8,690	12.9
56	53	General Foods	8,573	5.0
57	41	Chase Manhattan	8,523	−15.7
58	70	Southland	8,512	30.7
59	63	Fed National Mortgage	8,472	14.7
60	52	Xerox	8,463	9.3
61	56	Lucky Stores	8,388	5.2
62	54	Amerada Hess	8,369	0.3
63	84	Union Pacific	8,353	43.6
64	62	Rockwell International	8,309	9.5
65	65	McDonnell Douglas	8,111	10.6
66	■	Pacific Telesis Group	8,015	2.0
67	60	American Stores	7,984	6.3
68	57	Household Intl	7,912	1.9
69	■	Southwestern Bell	7,904	2.5
70	61	PepsiCo	7,896	5.3
71	50	Ashland Oil	7,838	−8.3
72	■	U S WEST	7,705	4.2
73	78	General Dynamics	7,146	16.1
74	69	Winn-Dixie Stores	7,133	1.5
75	71	Minn Mining & Mfg	7,039	6.6
76	88	Dayton-Hudson	6,963	23.0
77	76	Coca-Cola	6,829	13.4
78	81	Consolidated Foods	6,789	5.6
79	68	Pacific Gas & Electric	6,647	−2.0
80	59	Manufacturers Hanover	6,596	−13.6
81	90	Lockheed	6,490	15.6
82	98	Georgia-Pacific	6,469	19.8
83	74	Monsanto	6,299	−0.4
84	79	W R Grace	6,219	1.5
85	109	Signal Cos	6,151	64.9
86	123	Anheuser-Busch Cos	6,034	31.8
87	99	UAL	6,022	13.2
88	83	Nabisco Brands	5,985	1.9
89	NC	Santa Fe Southern	5,976	0.3
90	87	Johnson & Johnson	5,973	3.7
91	85	Coastal Corp	5,963	2.8
92	86	City Investing	5,948	2.5
93	96	Raytheon	5,937	7.7
94	113	CSX	5,787	17.9
95	67	J P Morgan	5,764	−14.8
96	97	Honeywell	5,753	4.8
97	102	Super Valu Stores	5,750	14.9
98	91	Jewel Cos	5,723	2.7
99	108	Merrill Lynch	5,687	13.1
100	80	Charter	5,566	40.2
101	100	General Mills	5,520	2.2
102	107	Consolidated Edison	5,516	8.8
103	66	Halliburton	5,511	−24.3
104	103	TRW	5,493	7.0
105	104	F W Woolworth	5,456	6.5
106	72	Caterpillar Tractor	5,424	−16.2
107	112	Southern Company	5,418	10.0
108	89	Texas Eastern	5,393	−4.6
109	118	Alcoa	5,263	13.2
110	120	Great Atl & Pac Tea	5,222	13.3
111	92	Sperry	5,158	4.7
112	106	Columbia Gas System	5,078	0.2
113	64	Fluor	5,042	−23.3
114	111	Litton Industries	5,021	12.9
115	142	InterNorth	4,997	20.1
116	115	Ralston Purina	4,964	3.0
117	136	Hewlett-Packard	4,933	14.5
118	95	Chemical New York	4,903	−10.8
119	101	Bethlehem Steel	4,898	−6.9
119	169	Fleming Cos	4,898	32.8
121	138	Weyerhaeuser	4,883	16.6
122	114	Colgate-Palmolive	4,865	−0.5
123	122	American Home Prod	4,856	6.0
124	155	Digital Equipment	4,827	20.1
125	93	*Continental Group	4,819	−3.8
126	140	AMR	4,763	14.0
127	167	Archer Daniels	4,733	19.6
128	127	Loews	4,693	7.9
129	132	Transamerica	4,681	8.2
130	190	Wal-Mart Stores	4,667	38.2
131	143	Commonwealth Edison	4,634	12.2
132	194	Esmark	4,587	42.5
133	130	Pacific Lighting	4,586	5.2
134	135	Control Data	4,583	5.6
135	131	Texas Instruments	4,580	5.9
136	116	LTV	4,578	−4.2
137	137	Burlington Northern	4,508	7.5
138	133	Southern Calif Edison	4,464	3.8
139	148	CBS	4,458	10.0
140	124	*American Brands	4,436	10.2
141	82	Continental Illinois	4,381	−25.6
142	139	American Elec Power	4,368	4.5
143	125	McKesson	4,365	14.3
144	150	International Paper	4,357	8.5
145	121	First Interstate Bancp	4,341	−5.2
146	162	Motorola	4,328	14.3
147	126	Security Pacific	4,323	−2.6
148	145	Burroughs	4,296	4.9
149	153	Albertson's	4,279	8.6
150	144	Borden	4,265	3.7
151	165	Champion Intl	4,264	14.1
152	170	May Dept Stores	4,229	15.2
153	73	*Gulf & Western Inds	4,198	6.6
154	75	*Armco	4,165	−23.3
155	94	Utd Energy Resources	4,035	−27.3
156	205	Diamond Shamrock	4,026	26.7
157	146	CPC International	4,011	−2.0
158	158	Firestone	3,998	4.1
159	177	American Intl Group	3,996	12.2
160	119	Deere	3,995	−9.4
161	160	Houston Industries	3,993	4.0
162	156	Pub Svc Elec & Gas	3,963	2.3
163	228	American General	3,953	35.7
164	187	Pillsbury	3,948	12.2
165	180	Continental Corp	3,947	5.9
166	164	Eastern Air Lines	3,942	4.6
167	196	Melville	3,923	20.3
168	172	Bristol-Myers	3,917	8.8
169	192	Lincoln National	3,899	16.9
169	178	Martin Marietta	3,899	10.6

■ Not on 500 list in 1982 *1983 ranks exclude unconsolidated subsidiaries NC not comparable

Source: Media General Financial Services, Inc./Forbes

The Forbes Sales 500

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
171	171	Delta Air Lines	3,883	7.6
172	134	Intl Harvester	3,863	–6.3
173	117	Bankers Trust N Y	3,852	–15.8
174	157	Transco Energy	3,845	–0.6
175	168	H J Heinz	3,843	3.1
176	217	R H Macy	3,827	18.9
177	206	No American Philips	3,800	19.9
178	166	Pan Am World Air	3,789	2.0
179	185	Pfizer	3,750	7.3
180	179	NCR	3,731	5.8
181	159	IC Industries	3,724	2.0
182	203	Associated Dry Goods	3,718	16.6
183	193	PPG Industries	3,682	11.7
184	197	Allied Stores	3,676	14.3
185	128	First Chicago	3,675	–16.3
186	213	Carter Hawley Hale	3,633	18.9
187	181	Emerson Electric	3,599	3.7
188	191	MidCon	3,597	7.7
189	202	Borg-Warner	3,542	10.9
190	184	American Cyanamid	3,535	2.4
191	198	Supermarkets General	3,517	8.3
192	163	Kerr-McGee	3,508	–7.1
193	161	ENSERCH	3,502	–7.5
194	182	FMC	3,498	–1.7
195	200	Texas Utilities	3,488	7.7
196	225	Campbell Soup	3,483	12.9
197	229	Boise Cascade	3,451	18.5
198	201	Consol Natural Gas	3,445	7.3
199	141	Dresser Industries	3,435	–10.8
200	151	Warner Comm	3,425	–16.3
201	174	Owens-Illinois	3,422	–3.7
202	186	Panhandle Eastern	3,405	0.6
203	188	Carnation	3,365	–0.5
204	■	Trans World Airlines	3,354	1.0
205	210	Am Natural Resources	3,354	8.8
206	226	Florida Power & Light	3,352	14.0
207	147	American Can	3,346	–17.6
208	216	Reynolds Metals	3,341	11.6
209	220	Amer Hospital Supply	3,310	11.6
210	224	Kimberly-Clark	3,274	11.1
211	233	American Motors	3,272	36.7
212	212	Celanese	3,261	6.5
213	261	Northrop	3,261	31.9
214	211	Merck	3,246	6.0
215	218	Hospital Corp of Am	3,203	7.6
216	214	B F Goodrich	3,192	6.2
217	239	ARA Services	3,156	10.7
218	189	Norfolk Southern	3,148	–6.3
219	235	Burlington Industries	3,121	12.4
220	199	Warner-Lambert	3,108	–4.2
221	175	Combustion Eng	3,092	–13.4
222	265	Tesoro Petroleum	3,046	27.4
223	238	Inland Steel	3,046	12.8
224	257	Marriott	3,037	19.5
225	221	Eli Lilly	3,034	2.4
226	244	McDonald's	3,001	10.5
227	215	Avon Products	3,000	–2.3
228	154	*National Intergroup	2,993	–1.7
229	195	Wells Fargo	2,980	–7.7
230	227	Textron	2,980	1.5
231	149	*Teledyne	2,979	4.0
232	243	Consumers Power	2,974	8.9
233	204	Houston Natural Gas	2,972	–2.8
234	250	Amer Broadcasting	2,940	11.3
235	236	Alco Standard	2,939	13.5
236	253	Abbott Laboratories	2,928	12.5
237	245	Quaker Oats	2,919	14.6
238	231	Middle South Utilities	2,910	2.2
239	251	Wickes Cos	2,875	9.0
240	266	Dana	2,865	18.2
241	230	Kaiser Alum & Chem	2,858	–1.9
242	219	SmithKline Beckman	2,835	7.3
243	263	Avco	2,806	14.1
244	282	Stop & Shop Cos	2,791	19.2
245	256	St Regis Paper	2,775	8.6
246	NC	Owens-Corning Fbrgls	2,753	16.0
247	176	Time Inc	2,717	14.6
248	223	Crown Zellerbach	2,709	–8.1
249	242	Republic Steel	2,701	–1.4
250	254	Levi Strauss	2,689	2.8
251	246	SONAT	2,687	0.2
252	300	Malone & Hyde	2,681	13.4
253	264	Eaton	2,674	9.0
254	287	Whirlpool	2,668	17.5
255	313	Tandy	2,662	17.5
256	255	Interco	2,658	0.5
257	274	Niagara Mohawk Pwr	2,632	10.0
258	262	Hercules	2,629	0.3
259	260	Swift Independent	2,624	5.0
260	299	Zayre	2,614	22.2
261	275	Central & South West	2,613	9.3
262	279	Dominion Resources	2,612	10.6
263	241	Bank of Boston	2,599	–4.9
264	249	Philadelphia Electric	2,596	–1.8
265	323	Wetterau	2,565	15.1
266	232	Crocker National	2,560	–11.8
267	207	Penn Central	2,539	–19.8
268	280	Mellon National	2,519	7.7
269	268	United Telecom	2,511	7.6
270	183	Tosco	2,494	–28.0
271	306	Jack Eckerd	2,486	13.9
272	355	ConAgra	2,485	24.0
273	272	General Public Utils	2,480	3.1
274	298	Times Mirror	2,478	12.6
275	259	Singer	2,478	–1.8
276	285	Scott Paper	2,465	7.5
277	312	Walgreen	2,447	15.9
278	290	Duke Power	2,420	7.8
279	252	Murphy Oil	2,388	–8.2
280	284	USF&G	2,387	3.5
281	307	Ryder Systems	2,384	14.8
282	277	Kellogg	2,381	0.6
283	281	Revlon	2,379	1.2
284	247	Mead	2,367	11.2
285	237	Allegheny Intl	2,348	–17.3
286	302	St Paul Cos	2,321	7.5
287	305	Norwest	2,319	14.1
288	288	Pennzoil	2,317	2.1
289	304	Detroit Edison	2,310	8.8
290	270	AMAX	2,290	–5.2
291	240	Ingersoll-Rand	2,274	–18.0
292	399	National Distillers	2,267	51.2
293	296	Amfac	2,253	8.7
294	301	NICOR	2,237	3.3
295	152	United Brands	2,232	–17.6
296	319	Kemper	2,222	11.9
297	316	Grumman	2,220	10.8
298	315	H F Ahmanson	2,213	9.9
299	329	Northwest Airlines	2,196	17.0
300	309	General Tire & Rubber	2,184	6.0
301	292	Gillette	2,183	–2.5
302	303	American Standard	2,181	2.7
303	372	E F Hutton Group	2,172	36.0
304	356	Williams Cos	2,167	28.1
305	278	Morrison-Knudsen	2,166	–8.3
306	271	Marine Midland Banks	2,156	–10.5
307	269	InterFirst	2,150	–9.9
308	110	*Greyhound	2,131	–5.8
309	331	Fruehauf	2,129	15.0
310	352	Sysco	2,119	12.1
311	■	James River Corp Va	2,104	52.1
312	340	Continental Telecom	2,101	12.8
313	314	Engelhard	2,099	4.0
314	289	McGraw-Edison	2,094	–7.4
315	326	Jim Walter	2,093	5.8
316	294	Wilson Foods	2,085	–8.7
317	381	Best Products	2,081	31.6
318	291	American Petrofina	2,069	–8.0
319	324	Genuine Parts	2,068	6.8
320	317	MAPCO	2,065	3.6
321	318	White Consolidated	2,058	3.4
322	248	Kidde	2,052	–1.8
323	341	J P Stevens	2,043	14.5
324	321	Uniroyal	2,040	3.7
325	308	IU International	2,039	–1.0
326	387	Revco D S	2,001	17.1
327	424	Gt Western Financial	1,991	16.2
328	335	Upjohn	1,986	8.6
329	333	Sherwin-Williams	1,973	6.6
330	362	Primark	1,967	18.7
331	332	Giant Food	1,957	5.7
332	349	No Indiana Pub Svc	1,956	14.1
333	338	Olin	1,935	6.1
334	322	First Bank System	1,928	–1.7
335	471	Natl Medical Entrprs	1,918	31.8

■ Not on 500 list in 1982. *1983 ranks exclude unconsolidated subsidiaries. NC: not comparable

Source: Media General Financial Services, Inc., Forbes

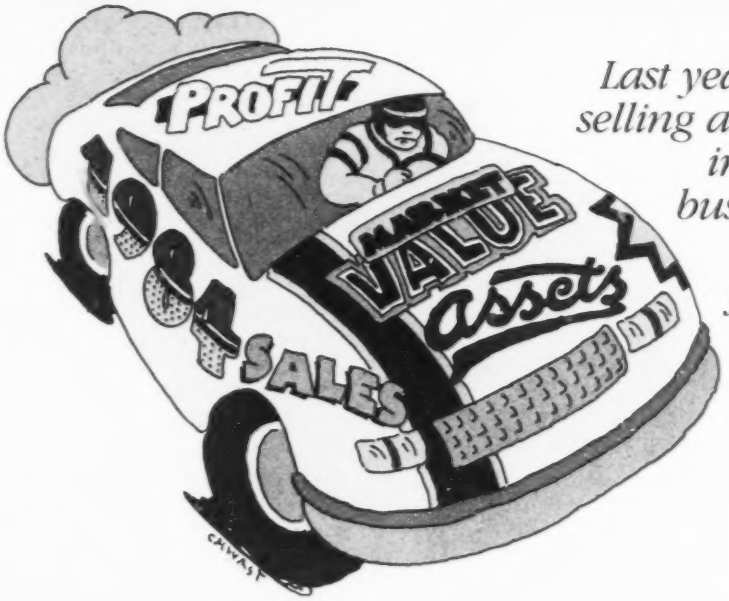
The Forbes Sales 500

Rank 1983	Rank 1982	Company	Sales ($mil)	% change over 1982
336	343	Sterling Drug	1,901	5.8
337	328	Texas Oil & Gas	1,894	1.2
338	NC	Trans World	1,889	5.6
339	346	Northeast Utilities	1,889	7.1
340	336	Rohm & Haas	1,876	2.6
341	273	Cooper Industries	1,850	–22.7
342	396	Humana	1,847	9.3
343	359	Baxter Travenol Labs	1,842	10.2
344	286	Irving Bank	1,836	–19.2
345	■	Morton Thiokol	1,830	78.3
346	■	Fin Corp of America	1,827	137.2
347	376	A E Staley Mfg	1,815	16.2
348	339	Schering-Plough	1,808	4.6
349	310	Superior Oil	1,793	–12.1
350	473	Wang Laboratories	1,793	35.7
351	258	Baker International	1,788	–25.3
352	364	Long Island Lighting	1,788	9.5
353	360	Squibb	1,769	6.5
354	330	SCM	1,767	5.4
355	398	Chubb	1,761	16.8
356	334	*Ethyl	1,745	8.1
357	345	Manville	1,729	2.7
358	297	Ogden	1,728	–4.0
359	348	Allegheny Power	1,724	–1.6
360	325	RepublicBank	1,721	–10.1
361	293	Turner Construction	1,709	–23.5
362	384	Hershey Foods	1,706	9.0
363	394	Gannett	1,704	12.1
364	385	Northern States Power	1,696	8.6
365	392	Union Camp	1,688	17.6
366	353	Emhart	1,686	–1.4
367	365	Chesebrough-Pond's	1,685	3.8
368	344	Crown Central Petrol	1,668	–6.9
369	342	Texas Commerce Bshs	1,668	–7.3
370	383	Air Prods & Chems	1,662	5.0
371	400	General Re	1,659	10.8
372	389	National Can	1,648	6.9
373	390	Carolina Power & Lt	1,647	7.1
374	402	Safeco	1,643	13.7
375	337	Castle & Cooke	1,642	5.8
376	374	Baltimore Gas & Elec	1,639	4.0
377	375	Public Service Colo	1,629	2.4
378	413	Mercantile Stores	1,626	13.8
379	350	First City Bancorp	1,624	–4.8
380	422	Hammermill Paper	1,623	16.2
381	432	United States Gypsum	1,611	21.6
382	283	Northwest Industries	1,608	–19.2
383	407	Pitney Bowes	1,606	13.0
384	379	Cummins Engine	1,605	1.1
385	358	Whittaker	1,603	–4.2
386	418	Pacific Power & Light	1,598	13.7
387	382	Corning Glass Works	1,589	0.7
388	401	Waldbaum	1,587	6.4
389	■	Tribune	1,586	10.8
390	■	Bergen Brunswig	1,585	22.4
391	415	Holiday Inns	1,585	11.2
392	378	MCA	1,584	–9.5
393	311	Beneficial Corp	1,582	4.7
394	441	Capital Holding	1,581	22.9
395	377	Cabot	1,579	0.7
396	397	Colt Industries	1,576	4.3
397	347	Central Soya	1,575	4.7
398	366	General Signal	1,575	–2.9
399	380	Koppers	1,566	–1.2
400	411	Gr Northern Nekoosa	1,565	9.5
401	408	Westvaco	1,564	7.8
402	456	Pacific Resources	1,550	25.6
403	■	CalFed	1,548	34.2
404	388	Peoples Energy	1,547	2.4
405	419	R R Donnelley & Sons	1,546	10.1
406	369	Foster Wheeler	1,541	–5.3
407	410	San Diego Gas & Elec	1,530	6.9
408	421	Brown Group	1,529	8.0
409	403	Lear Siegler	1,527	4.6
410	500	Paine Webber	1,527	17.2
411	■	MCI Communications	1,521	67.8
412	412	Ohio Edison	1,516	6.0
413	452	AMP	1,515	21.9
414	404	Farm House Foods	1,515	3.4
415	426	ASARCO	1,512	12.0
416	391	Republic Airlines	1,511	–1.3
417	406	Dun & Bradstreet	1,510	10.9
418	499	Natl Semiconductor	1,505	28.2
419	327	Valero Energy	1,495	–21.4
420	386	Intl Minerals & Chem	1,493	3.8
421	429	Flickinger	1,489	3.0
422	423	First Boston	1,482	6.3
423	351	Harris Corp	1,474	–4.7
424	430	Knight-Ridder News	1,473	10.9
425	468	Service Merchandise	1,458	22.0
426	414	George A Hormel	1,440	2.1
427	442	Armstrong World Inds	1,439	11.9
428	433	Gulf States Utilities	1,436	9.9
429	443	USAir Group	1,432	12.5
430	438	Rite Aid	1,432	18.1
431	■	Lowe's Companies	1,431	38.4
432	448	United States Shoe	1,428	21.1
433	436	Wisconsin Elec Pwr	1,418	8.8
434	457	PACCAR	1,412	14.8
435	357	Anderson, Clayton	1,402	–4.5
436	459	Union Electric	1,401	15.1
437	295	NL Industries	1,390	–35.0
438	477	Amer Medical Intl	1,386	14.7
439	435	Witco Chemical	1,386	6.2
440	495	Avnet	1,375	25.0
441	462	New England Electric	1,374	8.9
442	■	Monfort Of Colorado	1,373	27.8
443	446	Cincinnati G & E	1,369	8.6
444	453	Zenith Radio	1,361	9.9
445	464	Consol Freightways	1,355	12.6
446	454	Evans Products	1,352	3.2
447	354	First Executive	1,342	–21.4
448	393	Bank of New York	1,340	–11.7
449	■	Walt Disney	1,339	23.0
450	461	Florida Progress	1,338	10.2
451	367	Stauffer Chemical	1,326	–18.0
452	450	Johnson Controls	1,325	3.5
453	361	Gould	1,325	5.7
454	■	Toys 'R' Us	1,320	26.7
455	■	Fleetwood Enterprises	1,313	79.0
456	476	SCOA Industries	1,305	12.9
457	370	Allis-Chalmers	1,300	–19.2
458	496	West Point-Pepperell	1,300	16.1
459	425	Crown Cork & Seal	1,298	–4.0
460	437	Arkla	1,297	6.9
461	469	McGraw-Hill	1,295	8.5
462	405	*Entex	1,293	1.9
463	444	Fischbach	1,293	–4.8
464	498	Illinois Power	1,278	15.5
465	475	Centel	1,272	10.0
466	■	Leaseway Transportn	1,267	18.8
467	439	Polaroid	1,254	–3.0
468	486	Super Food Services	1,254	6.4
469	483	Roadway Services	1,253	9.3
470	■	NCNB	1,252	16.9
471	409	Tiger International	1,250	7.7
472	458	Penn Power & Light	1,248	2.4
473	395	Texas Air	1,246	–17.8
474	465	First Natl Supermkts	1,246	–4.4
475	470	Louisiana Land	1,245	–1.4
476	455	Colonial Penn Group	1,241	0.4
477	■	Combined Intl	1,235	18.3
478	484	Pneumo	1,235	6.2
479	■	CFS Continental	1,233	14.5
480	267	Pittston	1,230	–4.4
481	472	Black & Decker	1,227	8.3
482	■	Pay'N Save	1,220	11.8
483	434	PNC Financial	1,218	–5.3
484	488	Thrifty Corp	1,217	7.6
485	■	Mack Trucks	1,217	–5.8
486	■	Brunswick	1,216	13.9
487	440	Blue Bell	1,216	–4.3
488	489	Longs Drug Stores	1,214	8.1
489	493	Richardson-Vicks	1,213	14.5
490	497	Cleveland Elec Illum	1,210	9.2
491	467	Tektronix	1,209	0.7
492	431	Eastern Gas & Fuel	1,200	–9.1
493	■	Federal Express	1,194	34.7
494	■	So New England Tel	1,183	9.4
495	474	Dorchester Gas	1,182	–11.9
496	■	Temple-Inland	1,175	7.2
497	■	Food Lion	1,172	23.8
498	■	Potomac Elec Power	1,170	6.8
499	479	Federal Co	1,168	3.3
500	■	Libbey-Owens-Ford	1,168	8.6

■ Not on 500 list in 1982. *1983 ranks exclude unconsolidated subsidiaries. NC: not comparable.

Source: Media General Financial Services, Inc., Forbes.

The Forbes Profits 500



Last year was a great one to be selling automobiles. But nobody invited the folks in the oil business along for the ride. Never mind. Cash flow figures tell the full story.

SURE, 1983 was a comeback year for U.S. automakers, but to leave it at that is to ignore just how extraordinary their comeback was. The names at the top of The Forbes Profits 500 list this year tell that story best. General Motors, Ford and Chrysler earned a total of over $6 billion. Remarkable performances by any measure, and all the more impressive considering that two of the Big Three automakers were recovering from operating losses in 1982.

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
1	1	American Tel & Tel	5,746.6	-17.8	15,601	1
2	2	IBM	5,485.0	24.4	9,423	2
3	3	Exxon	4,978.0	18.9	8,506	4
4	13	General Motors	3,730.2	287.5	8,850	3
5	6	General Electric	2,024.0	11.4	3,108	10
6	■	Ford Motor	1,926.9	D–P	4,219	5
7	5	Standard Oil Indiana	1,868.0	2.3	3,626	7
8	4	Standard Oil Ohio	1,731.0	–7.9	2,929	14
9	8	Shell Oil	1,633.0	1.7	3,041	12
10	10	Standard Oil Calif	1,590.0	15.5	3,757	6

If the Detroiters had it good, however, the boys from Houston continued to suffer. Though nearly all of the big oil companies scored earnings gains, most are still reporting profits that are well below 1981 levels.

Trouble in the oil patch, what's more, caused major earnings declines elsewhere. Baker International, which makes drilling gear, was hurt by the decline in exploration. So was ENSERCH, which services wells and provides contract drilling.

Profits, however, are only part of what makes a business strong. Look at the cash flow figures in the last two columns. Largely because of depreciation charges, most corporations actually have more money at their disposal than reported earnings indicate. Oil companies, for example, do particularly well in this regard, as the rankings show.

Winners

The leaders in profit rebounds.

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982
6	■	Ford Motor	1,926.9	D–P
44	■	Chrysler	525.8	D–P
142	■	AMR	227.9	D–P
202	■	Alcoa	164.5	D–P
388	■	Fedl National Mortgage	75.5	D–P

Losers

The laggards in profit growth.

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982
472	102	Baker International	55.4	–70.8
415	181	ENSERCH	69.6	–55.8
386	178	Combustion Eng	76.2	–51.8
41	12	Eastman Kodak	565.0	–51.4
378	191	Fluor	79.3	–51.3

■ Not on 500 list in 1982. D-P: deficit to profit

Source: Media General Financial Services, Inc., Forbes

The Forbes Profits 500

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
11	7	Atlantic Richfield	1,547.9	–7.6	3,520	8
12	9	Mobil	1,503.0	23.9	3,395	9
13	■	BellSouth	1,371.5	1.5	3,042	11
14	18	Sears,Roebuck	1,300.8	56.7	1,658	27
15	11	Texaco	1,233.0	–3.7	2,950	13
16	15	E I du Pont	1,127.0	26.1	2,846	15
17	■	Ameritech	1,064.8	13.7	2,435	17
18	■	Bell Atlantic	1,026.1	10.6	2,404	18
19	■	NYNEX	982.7	1.0	2,273	20
20	17	GTE	964.0	19.2	2,731	16
21	22	Philip Morris	903.5	15.6	1,231	32
22	■	U S WEST	894.0	6.8	2,099	21
23	■	Southwestern Bell	892.7	4.9	1,991	22
24	23	Procter & Gamble	886.0	7.9	1,219	33
25	14	Gulf	864.0	–4.0	2,324	19
26	24	Citicorp	860.0	18.9	1,059	40
27	16	R J Reynolds Inds	835.0	19.5	1,309	30
28	29	Commonwealth Edison	802.3	32.2	1,213	35
29	20	Pacific Gas & Electric	788.0	–2.7	1,185	36
30	27	Phillips Petroleum	721.0	11.6	1,706	24
31	19	Tenneco	716.0	–7.3	1,696	25
32	32	Southern Calif Edison	690.8	24.3	980	43
33	■	Pacific Telesis Group	675.7	7.1	1,772	23
34	28	Minn Mining & Mfg	667.0	5.7	1,033	41
35	31	American Home Prod	627.2	12.0	723	57
36	21	Unocal	625.9	–22.2	1,675	26
37	26	ITT	623.9	19.6	1,145	37
38	33	Sun Company	613.0	8.5	1,533	28
39	40	Southern Company	583.5	29.8	1,094	39
40	38	Consolidated Edison	575.8	16.9	866	48
41	12	Eastman Kodak	565 0	–51.4	1,217	34
42	36	Coca-Cola	558.3	11.0	786	52
43	34	Johnson & Johnson	547.0	4.5	757	54
44	■	Chrysler	525.8	D–P	983	42
45	30	American Express	514.7	–11.4	515	100
46	44	United Technologies	509.2	19.3	910	45
47	97	K Mart	492.3	88.0	757	54
48	42	SmithKline Beckman	486.0	6.9	579	78
49	185	Occidental Petroleum	480.2	252.1	1,488	29
50	63	Phibro-Salomon	470.0	39.5	501	104
51	52	J C Penney	467.0	8.6	620	70
52	43	Texas Utilities	461.5	7.7	689	61
53	51	J P Morgan	460.0	16.7	491	107
54	45	Xerox	459.2	24.9	1,307	31
55	49	Eli Lilly	457.4	11.1	556	84
56	47	Merck	450.9	8.6	600	73
57	41	Westinghouse Elec	449.0	–6.7	832	50
58	66	Pfizer	447.1	32.9	562	80
59	54	Hewlett-Packard	442.0	11.9	682	63
60	57	Dart & Kraft	435.1	5.1	614	71
61	58	Duke Power	431.3	13.5	756	56
62	80	Chase Manhattan	429.6	39.7	511	101
63	65	American Elec Power	428.0	27.8	796	51
64	48	American Intl Group	427.3	3.5	458	120
65	69	Union Pacific	414.0	40.3	938	44
66	88	Burlington Northern	413.2	42.8	671	64
67	67	Rockwell International	410.7	20.8	658	66
68	92	Allied Corp	410.0	40.4	878	47
69	59	Bristol-Myers	408.0	17.0	475	113
70	39	CIGNA	400.5	–18.3	401	138
71	53	BankAmerica	390.5	–1.2	643	67
72	55	American Brands	390.3	2.4	489	108
73	60	Pub Svc Elec & Gas	389.8	13.7	682	62
74	64	Philadelphia Electric	389.1	15.7	554	85
75	74	Middle South Utilities	378.1	21.7	561	81
76	68	Monsanto	369.0	12.2	886	46
77	77	Long Island Lighting	365.0	18.0	428	130
78	101	Detroit Edison	364.6	43.1	547	88
79	84	Boeing	355.0	21.6	720	58
80	87	Anheuser-Busch Cos	348.0	27.0	535	92
81	89	Consumers Power	347.8	24.0	534	93
82	86	Abbott Laboratories	347.6	20.2	448	122
83	81	McDonald's	342.6	14.0	528	97
83	75	Travelers	342.6	10.6	383	148
85	109	Federated Dept Strs	338.3	45.3	545	91
86	83	Manufacturers Hanover	337.0	14.3	386	147
87	157	Santa Fe Southern	333.4	8.3	860	49
88	103	Goodyear	331.5	12.1	628	68
89	35	Aetna Life & Cas	325.2	1.9	357	164
90	73	Nabisco Brands	322.6	2.5	461	116
91	50	Norfolk Southern	315.4	–23.3	549	87
92	37	Halliburton	314.8	–37.1	691	60
93	95	Florida Power & Light	314.0	17.7	579	77
94	79	Merrill Lynch	313.2	1.4	387	146
95	94	Niagara Mohawk Pwr	312.4	16.4	452	121
96	82	Emerson Electric	311.0	3.4	417	133
97	137	General Foods	309.6	11.2	461	115
98	104	Texas Oil & Gas	306.6	17.2	492	105
99	105	Chemical New York	305.6	27.0	348	167
100	85	Teledyne	303.8	–9.5	358	163
101	235	Houston Industries	303.7	3.2	503	103
102	71	Raytheon	300.1	–5.9	517	99
103	167	Gulf & Western Inds	297.3	75.2	367	158
104	90	Penn Power & Light	296.0	6.1	404	136
105	61	Dow Chemical	293.0	–14.3	1,134	38
106	117	Tandy	292.7	15.2	336	171
107	135	American General	289.8	43.0	312	182
108	106	NCR	287.7	22.7	534	95
109	223	General Dynamics	286.6	78.6	458	119
110	116	PepsiCo	284.1	–6.5	545	90
111	139	Pacific Power & Light	277.1	39.8	487	109
112	132	Union Electric	276.2	34.4	369	157
113	125	McDonnell Douglas	274.9	28.0	486	110
114	143	Ohio Edison	272.4	39.3	400	139
115	62	CSX	271.6	–3.3	587	76
116	99	Central & South West	267.4	14.2	460	117
117	91	Dominion Resources	266.0	20.0	561	81
118	111	Arizona Public Service	264.8	14.6	355	165
119	107	Security Pacific	264.3	12.8	329	174
120	128	Lockheed	262.8	26.8	375	152

■ Not on 500 list in 1982. D–P: deficit to profit.

Source: Media General Financial Services, Inc. Forbes

The Forbes Profits 500

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
121	46	Digital Equipment	262.2	–24.5	490	107
122	394	Ralston Purina	261.3	137.8	371	156
123	108	Public Service Ind	255.8	9.7	338	170
124	119	Bankers Trust N Y	254.0	25.6	287	200
125	123	Loews	252.7	61.5	308	183
126	122	First Interstate Bancp	247.4	11.8	316	178
127	127	Cleveland Elec Illum	246.0	17.7	340	169
128	115	General Mills	245.7	6.5	381	149
129	186	PPG Industries	244.3	73.8	432	128
130	165	Motorola	244.0	44.0	533	96
131	163	Hospital Corp of Am	243.2	41.5	399	140
131	130	Dayton-Hudson	243.2	22.6	377	150
133	72	Litton Industries	242.7	–9.9	438	125
133	113	Kellogg	242.7	9.3	306	187
135	120	RCA	240.8	38.4	782	53
136	114	Carolina Power & Lt	239.3	5.4	420	132
137	144	H J Heinz	232.9	13.9	307	185
138	136	United Telecom	232.6	8.1	659	65
139	93	Honeywell	231.2	11.9	562	79
140	220	InterNorth	231.0	27.4	478	111
141	169	Gulf States Utilities	229.8	38.4	333	172
142	■	AMR	227.9	D–P	525	98
143	194	Northeast Utilities	221.5	46.5	345	168
144	76	Union Carbide	220.0	–23.3	697	59
145	149	Baxter Travenol Labs	218.1	16.7	304	188
146	161	Baltimore Gas & Elec	216.5	23.9	375	151
147	217	R H Macy	212.7	30.3	297	197
148	112	Amer Hospital Supply	211.9	24.6	288	198
149	173	International Paper	211.6	54.5	436	127
150	133	SONAT	210.2	2.7	407	135
151	184	Illinois Power	207.7	32.8	278	207
152	237	Household Intl	206.4	64.6	438	126
153	166	Amerada Hess	205.3	46.6	611	72
154	208	Weyerhaeuser	204.8	46.3	546	89
155	321	MCI Communications	202.9	34.0	374	155
156	160	Warner-Lambert	200.5	22.9	300	192
157	56	Beatrice Foods	200.1	–37.9	391	144
158	142	TRW	199.6	24.3	393	142
159	156	Continental Group	199.2	10.5	429	129
160	240	Wal-Mart Stores	196.2	58.1	246	229
161	146	Carnation	194.8	2.2	249	226
162	303	Burroughs	192.5	11.7	598	74
163	131	General Re	192.0	–7.1	196	285
164	155	Gannett	191.7	6.2	259	221
165	110	CPC International	191.6	–17.3	306	186
166	151	Columbia Gas System	191.0	3.5	395	141
167	138	Kimberly-Clark	188.8	2.9	300	193
168	182	San Diego Gas &Elec	187.4	19.1	267	215
169	257	CBS	187.2	26.1	284	201
170	96	Houston Natural Gas	186.2	–22.3	534	94
170	140	Colgate-Palmolive	186.2	–5.4	248	227
172	180	Northern States Power	183.9	16.6	375	153
173	221	Mellon National	183.8	36.8	212	262
174	214	First Chicago	183.5	34.1	218	257
175	177	Safeway Stores	183.3	19.4	448	123
176	168	Borg-Warner	182.6	9.1	297	196
177	183	Consolidated Foods	179.6	9.8	303	190
178	209	Times Mirror	179.5	46.7	299	195
179	268	Wang Laboratories	179.0	44.8	313	180
180	152	Schering-Plough	178.5	0.3	229	243
181	197	Campbell Soup	178.0	16.0	275	210
182	124	Panhandle Eastern	177.6	–29.9	404	136
183	206	May Dept Stores	177.5	26.5	277	209
184	164	Texas Commerce Bshs	177.0	4.1	201	276
185	204	Melville	176.3	24.1	232	239
186	154	Transamerica	175.9	–2.7	319	176
187	327	City Investing	175.0	35.3	313	181
188	216	Pillsbury	173.6	48.0	288	198
189	188	Squibb	173.3	12.8	208	269
190	■	Fin Corp of America	172.5	531.9	199	281
191	195	Continental Telecom	172.4	17.2	459	118
192	254	USF&G	171.5	50.3	179	297
193	118	Superior Oil	171.4	–23.3	558	83
193	232	Humana	171.4	27.3	272	211
195	172	Am Natural Resources	171.3	6.3	389	145
196	121	Sperry	170.7	24.8	392	143
197	234	Levi Strauss	170.3	17.7	215	260
198	174	Allegheny Power	169.7	5.6	283	202
199	193	FMC	168.8	10.8	331	173
200	243	Lincoln National	168.1	38.6	196	283
201	225	American Cyanamid	166.4	36.4	349	166
202	■	Alcoa	164.5	D–P	511	102
203	141	Avon Products	164.4	–16.4	232	240
204	148	Pennzoil	164.2	–13.0	447	124
205	250	AMP	163.1	37.2	226	246
206	210	Whirlpool	163.0	19.7	224	249
207	176	Consol Natural Gas	162.8	1.9	365	160
208	196	Portland Genl Elec	162.7	8.3	237	235
209	189	Control Data	161.7	4.3	361	162
210	170	Borden	160.4	16.3	256	222
211	236	Upjohn	160.2	27.1	218	256
212	175	Amer Broadcasting	159.8	–0.1	213	261
213	70	W R Grace	159.7	–37.4	464	114
214	231	Pacific Lighting	157.2	22.0	280	203
215	200	N Y State Elec & Gas	156.7	8.0	227	245
216	211	Wells Fargo	154.9	11.8	205	272
217	171	Texas Eastern	154.6	–4.2	374	154
218	301	Public Service N H	151.7	65.6	173	305
219	316	Hercules	151.0	46.2	279	205
220	227	Wisconsin Elec Pwr	150.0	14.0	264	217
221	159	MCA	147.2	–16.5	626	69
222	219	Gillette	145.9	8.0	222	252
222	229	Cincinnati G & E	145.9	11.8	222	254
224	267	Duquesne Light	145.2	23.9	225	247
225	126	Kerr-McGee	144.9	–43.7	428	131
226	222	Utah Power & Light	144.5	8.3	225	248
227	190	Time Inc	143.2	16.5	234	237
228	■	UAL	142.0	1,190.9	553	86
228	205	Dun & Bradstreet	142.0	20.2	189	287
230	300	Martin Marietta	141.3	54.3	303	189

■ Not on 500 list in 1982 D–P: deficit to profit

Source: Media General Financial Services, Inc., Forbes

The Forbes Profits 500

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
231	249	Potomac Elec Power	140.1	17.7	238	234
232	395	No Indiana Pub Svc	137.8	99.7	253	223
233	324	Rohm & Haas	137.6	83.0	232	238
234	226	Sterling Drug	136.8	3.6	173	306
235	233	Farmers Group	136.2	8.5	147	337
236	239	Bank of Boston	135.7	9.1	168	311
237	286	Quaker Oats	134.7	20.6	199	280
238	228	Penn Central	133.5	–14.4	251	224
239	266	Safeco	133.3	23.9	133	368
240	213	Transco Energy	133.0	–2.9	491	106
241	241	Union Camp	132.7	7.0	251	225
242	261	New England Electric	132.6	22.4	267	216
243	98	SEDCO	132.2	1.3	200	278
244	179	Murphy Oil	131.9	–16.4	412	134
245	263	Southland	131.8	21.9	277	208
246	320	Combined International	131.3	36.9	184	293
247	253	First Bank System	129.7	13.1	155	322
248	265	Esmark	128.7	25.7	217	259
249	306	Allied Stores	128.5	47.5	209	268
250	273	Toledo Edison	128.3	21.6	179	296
251	238	Chesebrough-Pond's	127.9	2.1	154	327
252	203	Kroger	127.1	–33.8	307	184
253	134	St Paul Cos	126.8	–35.2	139	355
254	342	Kansas City Pwr & Lt	126.5	56.4	173	303
254	260	McGraw-Hill	126.5	15.0	154	328
256	310	Norwest	125.2	40.5	156	320
257	364	Holiday Inns	124.4	28.0	228	244
258	224	MidCon	123.9	–5.7	364	161
259	371	Scott Paper	123.7	66.0	270	212
260	245	Marsh & McLennan	123.5	2.6	148	334
260	269	Capital Holding	123.5	15.5	130	372
262	258	Dayton Power & Light	123.2	9.8	178	299
263	299	So New England Tel	120.6	31.4	269	213
264	270	Waste Management	120.4	13.1	209	267
265	202	RepublicBank	119.5	–17.2	136	363
266	281	Knight-Ridder News	119.4	16.0	171	308
266	301	VF	119.4	30.3	140	352
268	307	American Stores	117.9	30.4	205	273
269	■	F W Woolworth	117.7	43.5	218	258
269	332	Pitney Bowes	117.7	25.6	193	286
269	275	Oklahoma Gas & Elec	117.7	12.0	178	298
272	276	PNC Financial	117.0	12.0	130	373
273	252	Public Service N M	116.4	0.5	168	312
274	■	Intel	116.1	287.0	219	255
275	352	Associated Dry Goods	115.5	47.3	188	288
276	294	Ethyl	115.4	23.6	211	265
277	292	Marriott	115.2	22.2	212	264
278	272	Air Prods & Chems	115.0	16.0	300	191
279	287	Capital Cities Comm	114.7	19.1	155	323
280	304	R R Donnelley & Sons	114.4	25.4	186	290
281	279	Winn-Dixie Stores	114.3	7.3	235	236
282	313	Dow Jones	114.2	28.0	152	331
283	256	Signal Cos	114.0	–16.8	222	252
284	198	Diamond Shamrock	113.7	–23.9	596	75
285	262	Centel	113.3	4.7	280	204
286	■	Celanese	112.0	D–P	325	175
287	463	Burlington Industries	111.5	175.3	245	230
288	■	Grumman	110.7	22.6	145	342
289	340	E F Hutton Group	110.6	36.4	133	369
290	187	Archer Daniels	110.4	1.7	230	241
291	207	G D Searle	110.0	–15.2	153	329
292	■	Eaton	109.6	204.4	201	277
293	469	Dana	109.1	108.6	197	282
294	259	Revlon	109.0	–1.9	185	291
295	349	Amer Medical Intl	108.2	29.6	185	292
296	368	Natl Medical Entrprs	108.1	0.5	164	314
297	■	H F Ahmanson	107.9	D–P	129	376
298	326	Kansas Gas & Electric	107.5	26.9	137	358
299	297	Fort Howard Paper	107.0	15.8	151	332
300	355	Masco	106.6	37.4	156	321
301	251	Public Service Colo	106.4	–8.7	207	271
301	353	Federal Express	106.4	31.2	199	279
303	■	Beneficial Corp	105.6	34.9	138	357
304	298	Lucky Stores	105.4	7.8	183	294
305	468	Georgia-Pacific	105.0	101.9	476	112
305	323	Interco	105.0	–6.7	147	338
307	337	Florida Progress	103.9	26.6	229	242
307	288	So Carolina E & G	103.9	18.3	149	333
309	283	Genuine Parts	103.6	3.4	119	389
310	358	Tucson Electric Power	103.4	39.5	148	335
311	423	Avco	102.9	22.9	146	340
312	285	Puget Sound Pwr & Lt	102.0	7.8	146	339
313	354	Continental Illinois	101.2	29.9	159	317
314	333	Ryder Systems	101.1	22.4	366	159
314	315	Marine Midland Banks	101.1	16.2	124	384
316	■	Northrop	100.7	1,764.8	211	266
317	360	Southwestern Pub Svc	100.4	27.6	146	341
317	282	Mercantile Texas	100.4	–2.0	115	400
319	293	Hershey Foods	100.2	6.4	139	353
320	■	Colt Industries	99.3	20.4	137	361
321	362	Roadway Services	99.2	30.2	135	365
322	334	Allied Bancshares	98.8	16.1	110	407
323	322	Jefferson-Pilot	98.7	14.6	101	421
324	■	Firestone	98.0	8.3	224	250
324	215	Morton Thiokol	98.0	54.3	158	318
324	367	Torchmark	98.0	30.0	116	397
327	■	American Can	97.5	294.7	181	295
328	356	GEICO	94.8	22.3	99	429
329	153	Ashland Oil	94.7	–41.7	279	206
330	361	Louisiana Land	94.0	23.2	316	179
331	375	No American Philips	93.6	27.2	169	309
332	392	American Natl Ins	93.5	34.5	99	433
333	341	Irving Bank	92.5	14.2	118	392
334	410	Toys 'R' Us	92.3	43.8	106	417
335	363	NCNB	92.2	21.2	109	410
336	404	Coastal Corp	91.6	39.6	240	233
337	378	Bank of New York	90.6	23.8	107	415
338	402	Freeport-McMoRan	90.1	8.8	264	218
339	264	General Signal	89.7	–16.8	132	370
340	■	Adolph Coors	89.3	133.8	156	319

■ Not on 500 list in 1982. D–P: deficit to profit

Source: Media General Financial Services, Inc., Forbes

The Forbes Profits 500

Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
341	397	Provident Life & Acc	89.2	32.7	101	422
342	328	Textron	88.7	19.7	153	330
343	386	Montana Power	88.6	27.8	121	387
344	345	Idaho Power	88.1	10.0	127	379
345	■	Crown Zellerbach	87.8	580.6	187	289
346	384	El Paso Electric	87.3	23.1	99	431
347	390	Rochester Gas & Elec	86.2	23.1	143	347
348	331	Hilton Hotels	85.9	5.7	126	382
349	400	Central Ill Pub Svc	85.5	29.0	144	344
349	■	James River Corp Va	85.5	101.7	139	356
351	374	Delmarva Power & Light	85.1	15.6	137	359
352	284	Walt Disney	84.9	–15.0	247	228
353	387	Republic New York	84.7	1.7	94	447
354	457	Wachovia	84.6	58.4	96	443
355	212	Intl Minerals & Chem	84.5	6.4	201	275
356	372	Chubb	84.4	13.7	90	456
357	344	Emhart	84.3	5.1	127	380
358	351	Great Northern Nekoosa	84.0	7.0	163	316
359	411	Kansas Power & Light	83.6	30.4	129	376
360	437	Banc One	83.3	44.9	99	428
361	415	Browning-Ferris Inds	83.2	20.1	176	300
361	391	Mercantile Stores	83.2	20.6	117	395
363	312	Jewel Cos	83.1	–5.7	173	303
364	441	CoreStates Financial	83.0	54.9	98	435
365	■	Champion International	82.2	201.1	269	214
366	■	Owens-Illinois	82.1	–7.2	245	231
367	440	Barnett Banks Fla	81.9	44.2	107	416
368	338	NBD Bancorp	81.7	0.0	97	441
369	428	USAir Group	80.6	36.4	144	345
369	385	Jack Eckerd	80.6	17.5	114	401
369	318	Brown-Forman Dist	80.6	–13.3	98	436
372	403	United Illuminating	80.5	22.3	98	437
372	■	CalFed	80.5	1,577.1	92	450
374	■	United States Gypsum	80.3	82.9	128	378
375	295	First Boston	80.2	–13.8	85	463
376	■	Owens-Corning Fbrgls	79.7	168.4	196	284
376	■	Jim Walter	79.7	23.4	155	326
378	191	Fluor	79.3	–51.3	299	194
379	296	Gould	79.2	–0.9	141	349
380	477	Revco D S	78.4	35.6	99	429
381	405	Cox Communications	78.0	19.3	174	302
382	309	Dover	77.5	–13.7	116	396
383	■	Golden West Financial	77.4	D–P	98	439
384	407	Deluxe Check Printers	76.6	17.3	98	440
385	350	USLIFE	76.5	–5.6	86	461
386	178	Combustion Eng	76.2	–51.8	163	315
387	490	IC Industries	76.1	50.7	212	263
388	■	Fedl National Mortgage	75.5	D–P	76	481
389	396	Super Valu Stores	75.0	11.4	126	381
390	414	Westvaco	74.7	19.3	172	307
391	487	TECO Energy	74.3	54.8	125	383
392	■	Gt Western Financial	73.7	D–P	91	455
393	357	Becton, Dickinson	73.5	41.9	130	371
393	408	Engelhard	73.5	13.4	107	413
395	379	Lear Siegler	73.4	19.0	107	414
396	463	Trust Co of Georgia	73.0	31.1	87	459
397	420	Pioneer	72.9	13.2	136	364
398	343	Mitchell Energy & Dev	72.8	–9.3	176	301
399	329	Kidde	72.6	12.7	117	394
400	445	Walgreen	71.9	24.2	98	438
401	458	Olin	71.7	14.2	205	274
402	■	Tribune	71.6	72.9	145	343
403	218	Cooper Industries	71.2	–47.3	139	354
404	425	United States Shoe	71.1	30.5	90	457
405	433	Nalco Chemical	71.0	10.2	101	422
406	■	Limited	70.9	111.0	99	427
407	■	General Tire & Rubber	70.8	14.7	148	335
408	■	Clorox	70.7	37.0	91	452
409	447	U S Tobacco	70.6	27.7	81	473
410	271	Greyhound	70.3	–30.8	119	390
410	454	New York Times	70.3	53.2	118	393
410	432	Albertson's	70.3	20.4	115	399
413	230	Mesa Petroleum	70.2	–19.4	207	270
414	426	Brown Group	70.1	14.4	93	449
415	181	ENSERCH	69.6	–55.8	260	220
416	■	Paine Webber	69.5	17.4	83	466
417	376	McKesson	69.4	18.6	108	411
418	435	Auto Data Processing	68.8	15.2	134	367
419	465	Washington Post	68.4	30.5	100	425
419	413	Intl Flavors & Frag	68.4	8.2	80	475
419	369	Kemper	68.4	–8.8	68	487
422	424	Boston Edison	67.9	12.4	155	324
423	427	Washington Water Power	67.7	14.0	87	460
424	479	Carter Hawley Hale	67.5	37.8	142	348
425	430	IPALCO Enterprises	67.4	30.6	110	406
426	■	General Pubiic Utils	66.9	98.5	318	177
427	347	National Distillers	66.7	–6.1	135	366
428	388	Avnet	66.3	29.7	79	477
429	■	Atlantic City Electric	66.2	88.6	105	418
430	145	Brunswick	66.1	244.3	111	405
430	■	Student Loan Mktg	66.1	74.9	67	488
432	449	Consol Freightways	65.5	19.5	129	374
433	496	Electronic Data Syst	65.2	22.8	91	453
434	452	Kentucky Utilities	65.1	19.4	110	407
435	489	Entex	63.2	10.1	108	411
436	■	Armstrong World Inds	63.1	165.1	119	390
437	■	Sovran Financial	62.9	11.3	82	467
438	■	American Standard	62.6	75.8	129	375
439	314	Cabot	62.0	–24.5	137	359
440	■	Zayre	61.4	74.4	95	446
441	455	Johnson Controls	61.3	12.1	102	419
442	■	Maytag	60.7	63.6	74	482
443	■	Boise Cascade	60.4	727.4	222	251
444	■	Trans World	60.2	31.2	124	384
445	■	Manville	60.1	D–P	137	362
445	380	Square D	60.1	–16.2	99	431
447	419	Alco Standard	59.9	10.5	91	451
448	■	Louisville Gas &Elec	59.7	38.2	101	420
449	370	Corning Glass Works	59.5	44.1	166	313
449	451	Iowa-Illinois G & E	59.5	9.2	100	424

■ Not on 500 list in 1982 D–P deficit to profit

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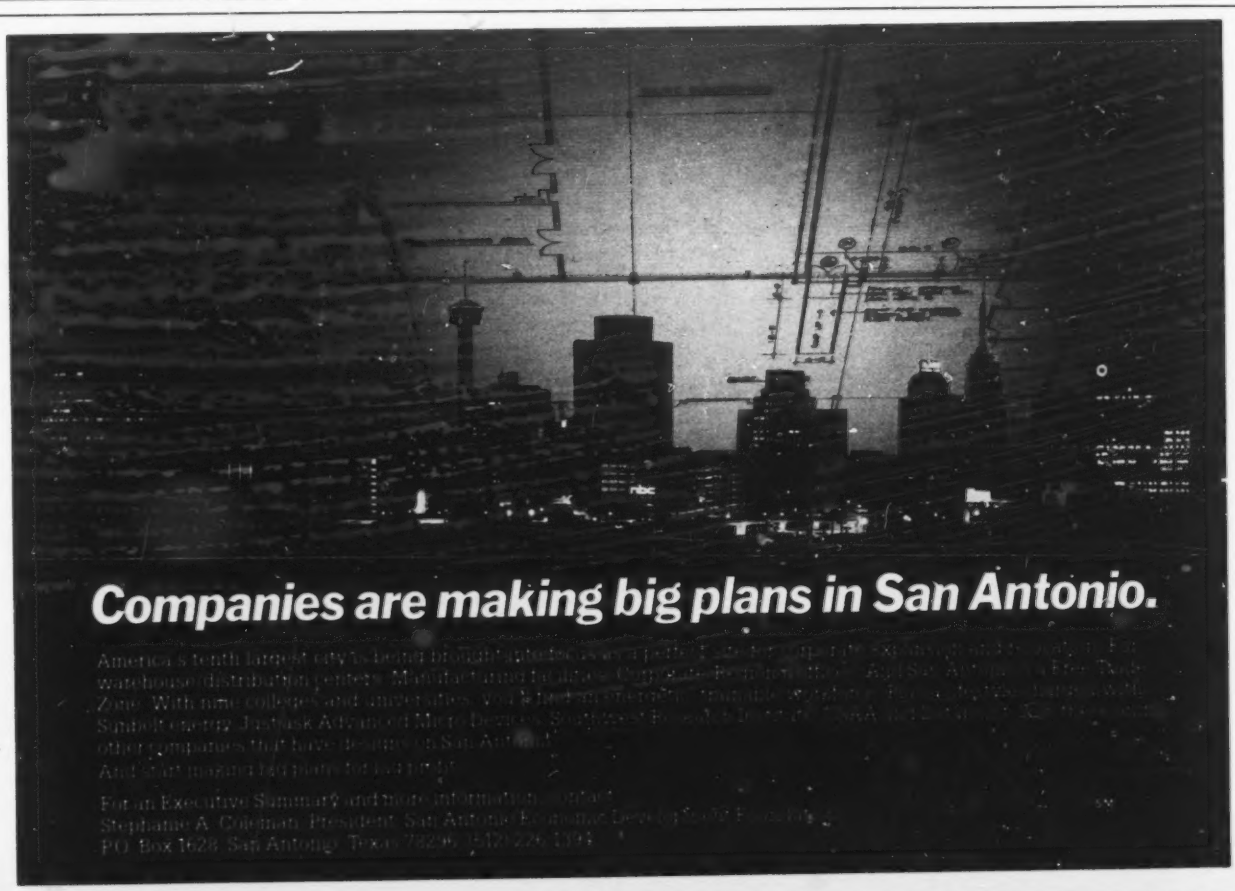
The Forbes Profits 500

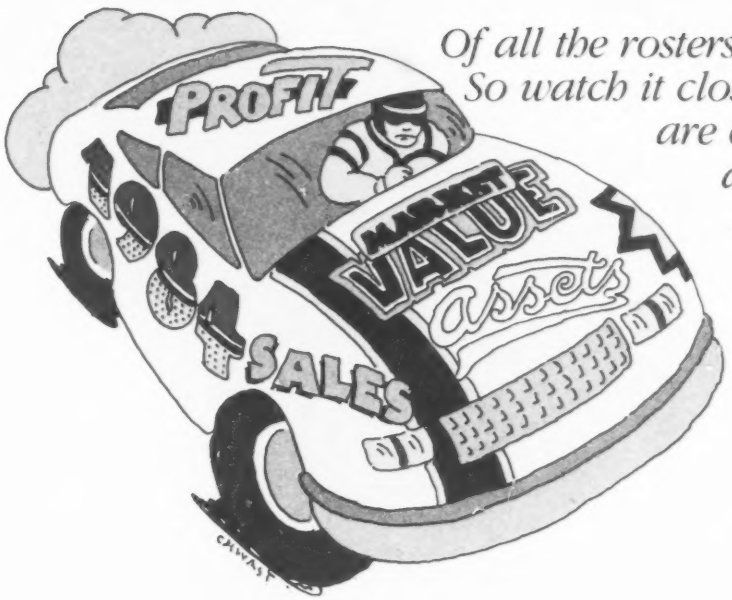
Rank 1983	Rank 1982	Company	Net profits ($mil)	% change over 1982	Cash flow ($mil)	Cash flow rank 1983
449	■	West Point-Pepperell	59.5	29.1	99	434
452	■	Southmark	59.4	206.2	66	491
453	289	Arkla	59.1	–38.1	112	403
454	486	General Cinema	59.0	39.8	97	442
455	■	Bacardi	58.8	28.9	63	494
456	492	Medtronic	58.6	13.6	82	470
457	■	First Union	58.5	35.7	69	485
458	■	ASARCO	58.3	D–P	113	402
458	■	Norstar Bancorp	58.3	31.3	67	488
460	481	A H Robins	58.2	19.5	69	486
461	472	National Svc Inds	58.1	13.3	82	467
461	■	Fleetwood Enterprises	58.1	172.8	63	493
463	476	Cit & Southern Ga	57.9	14.7	79	476
464	■	Integrated Resources	57.8	158.0	61	498
465	421	Apple Computer	57.6	–19.1	81	472
466	491	Lubrizol	57.2	20.2	94	447
467	500	G Heileman Brewing	57.0	24.7	81	474
468	366	Harris Corp	56.1	3.1	141	350
468	448	Rite Aid	56.1	27.8	78	478
470	484	Mountain Fuel Supply	55.7	15.1	100	425
470	439	Ohio Casualty	55.7	–2.3	60	499
472	102	Baker International	55.4	–70.8	55	500
473	453	American Petrofina	55.3	1.7	140	351
474	■	St Regis Paper	55.2	22.7	169	310
474	■	ALLTEL	55.2	7.2	144	346
474	■	Wendy's International	55.2	25.2	82	471
474	■	Tecumseh Products	55.2	34.6	76	480
478	■	American Greetings	54.8	34.3	70	484
479	493	Wisconsin Pwr & Lt	54.6	15.2	115	398
480	462	Southeast Banking	54.5	3.6	88	458
481	■	ARA Services	54.2	43.8	155	324
481	450	Vulcan Materials	54.2	–0.9	121	388
483	483	Minnesota Power	54.1	11.8	85	462
484	■	Williams Cos	54.0	81.8	245	231
485	–	ConAgra	53.2	34.7	82	469
486	■	Alexander & Baldwin	53.1	32.4	84	465
486	■	Gulfstream Aerospace	53.1	23.5	67	490
488	482	Newmont Mining	52.9	8.8	109	409
489	478	Nike	52.6	–6.1	63	495
490	431	Ogden	52.5	38.9	95	445
491	467	U S Bancorp	52.4	0.6	62	497
492	■	Uniroyal	52.3	104.3	111	404
492	■	First Atlanta	52.3	36.2	63	496
494	■	Central Maine Power	52.2	27.3	78	479
495	308	General Instrument	52.0	–49.7	122	386
495	■	Witco Chemical	52.0	74.5	96	444
495	■	Fleet Financial	52.0	33.3	66	492
498	■	White Consolidated	51.8	62.9	91	453
498	416	Perkin-Elmer	51.8	1.0	84	464
500	475	W W Grainger	51.7	3.2	72	483

■ Not on 500 list in 1982. D–P: deficit to profit

Source: Media General Financial Services, Inc.; Forbes.



The Forbes Assets 500



Of all the rosters, this one changes least. So watch it closely. Some corporations are expanding, while others are shedding operations to improve profitability.

OF ALL The Forbes 500s rankings, the assets list is the most constant. There's an aura of stability to the names of the companies that head this roster, and no wonder: The top ten firms appear in precisely the same order as they did last year.

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
1	1	American Tel & Tel	149,530	0.9
2	2	Citicorp	134,655	3.6
3	3	BankAmerica	121,176	–1.0
4	4	Chase Manhattan	81,921	1.3
5	5	Fed National Mortgage	78,918	7.4

Within that group the most significant movement involves banking. Bank of America and J.P. Morgan got smaller in 1983. Manufacturers Hanover stayed even. And Citicorp and Chemical New York posted impressive gains.

At AT&T growth slowed almost to a halt. But never mind. The assets figure that puts Ma Bell at the top of this list is a predivestiture number. Next year the newly divested communications carrier will show up well down on our list. To get an idea of what's coming, note that six of AT&T's newly spunoff operating companies are already on the roster, based on reported results for 1983.

Among other newcomers are a handful of resurgent thrift institutions, most notably Beverly Hills' Columbia Savings & Loan. Like several other fast-growing competitors, Columbia is using stockbrokers to sell its certificates of deposit. The growing number of S&Ls on this list also reflects the wave of consolidation that is sweeping the thrift industry.

Companies outside the financial sector, of course, have also moved into the fast lane of asset growth via acquisitions: Consider the recent success of Esmark and American Express. Technology, by contrast, provides fewer dramatic gains. Of 1983's newcomers to this list, only MCI can credit success to a hot new idea.

Still, not every company is adding to its asset base. Some—like Continental Group, which sold substantial forest products operations to Stone Container—are shrinking by design. Assets, after all, are only valuable if they can be used to turn a profit. Many of today's managers see restructuring as one of their key responsibilities.

Winners

The leaders in asset growth.

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
206	■	Columbia S & L	4,990	386.1
38	122	Fin Corp of America	22,700	244.4
297	■	MCI Communications	3,500	123.1
220	407	Williams Cos	4,686	97.8
314	499	Esmark	3,338	94.7

Losers

The laggards in asset growth.

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
78	53	Occidental Petroleum	11,775	–25.3
233	69	*Gulf & Western Inds	4,425	–22.2
365	277	First Okla Bancorp	2,862	–14.0
279	146	*Continental Group	3,653	–13.2
285	130	*Armco	3,609	–13.2

■ Not on 500 list in 1982 *1983 ranks exclude unconsolidated subsidiaries

Source: Media General Financial Services, Inc., Forbes

The Forbes Assets 500

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
6	6	Manufacturers Hanover	64,332	0.5
7	7	Exxon	62,963	1.1
8	8	J P Morgan	58,023	–1.0
9	9	Chemical New York	51,165	6.2
10	10	Aetna Life & Cas	47,626	8.3
11	17	Sears,Roebuck	46,176	26.0
12	12	General Motors	45,694	10.4
13	13	First Interstate Bancp	44,423	8.7
14	23	American Express	43,981	55.3
15	11	Continental Illinois	42,097	–1.9
16	15	Phibro-Salomon	42,017	5.9
17	16	Security Pacific	40,382	9.2
18	14	Bankers Trust N Y	40,003	–1.0
19	20	IBM	37,243	14.4
20	19	First Chicago	36,323	1.2
21	21	CIGNA	35,117	11.9
22	18	Mobil	35,072	–0.4
23	24	Travelers	32,876	17.5
24	25	Texaco	27,199	0.3
25	27	Wells Fargo	27,018	8.9
26	39	Mellon National	26,433	30.2
27	37	Merrill Lynch	26,139	26.3
28	29	Standard Oil Indiana	25,805	6.2
29	28	E I du Pont	24,432	0.4
30	31	GTE	24,223	9.1
31	■	BellSouth	24,083	3.6
32	30	Standard Oil Calif	24,010	2.2
33	32	Ford Motor	23,869	8.7
34	26	Crocker National	23,393	–6.3
35	34	General Electric	23,288	7.7
36	33	Atlantic Richfield	23,282	7.6
37	40	Marine Midland Banks	22,872	13.0
38	122	Fin Corp of America	22,700	244.4
39	35	Shell Oil	22,169	3.7
40	47	First Boston	22,003	27.0
41	36	InterFirst	21,736	3.4
42	38	Gulf	20,964	2.6
43	49	First Bank System	20,871	23.4
44	50	H F Ahmanson	20,226	19.9
45	■	NYNEX	20,100	5.4
46	45	Norwest	19,854	12.9
47	43	Bank of Boston	19,538	7.0
48	44	Texas Commerce Bshs	19,499	6.9
49	42	United States Steel	19,314	–0.6
50	48	RepublicBank	19,082	10.5
51	■	Pacific Telesis Group	18,973	5.3
52	■	Bell Atlantic	18,930	4.1
53	59	Gt Western Financial	18,639	20.0
54	41	Irving Bank	18,586	–4.8
55	■	Ameritech	18,512	1.8
56	■	Southwestern Bell	18,360	4.9
57	46	Tenneco	17,994	3.5
58	■	U S WEST	17,370	2.5
59	51	First City Bancorp	17,263	4.2
60	52	Standard Oil Ohio	16,362	2.2
61	56	American General	15,061	13.4
62	54	Commonwealth Edison	15,048	9.6
63	61	Southern Company	15,034	10.0
64	55	Pacific Gas & Electric	14,721	8.0
65	■	CalFed	14,329	38.2
66	22	*ITT	13,967	–1.4
67	60	NBD Bancorp	13,245	6.8
68	104	E F Hutton Group	13,164	79.8
69	63	Phillips Petroleum	13,094	8.2
70	62	American Elec Power	12,832	5.0
71	67	NCNB	12,808	10.8
72	58	Bank of New York	12,797	0.6
73	64	Sun Company	12,466	5.2
74	66	PNC Financial	12,245	5.5
75	65	Dow Chemical	11,981	1.5
76	■	PSFS	11,922	18.0
77	76	Mercantile Texas	11,884	16.6
78	53	Occidental Petroleum	11,775	–25.3
79	73	Loews	11,510	10.7
80	NC	Santa Fe Southern	11,388	4.0
81	77	Southern Calif Edison	11,292	10.3
82	74	Middle South Utilities	11,101	7.1
83	80	Lincoln National	11,086	11.4
84	72	Transamerica	10,952	5.1
85	71	Eastman Kodak	10,928	3.0
86	143	Burlington Northern	10,901	54.4
87	91	CSX	10,835	17.8
88	85	American Intl Group	10,556	15.8
89	70	Union Carbide	10,295	–3.0
90	79	Union Pacific	10,218	–0.6
91	84	Republic New York	10,119	9.0
92	75	R J Reynolds Inds	9,874	0.7
93	■	Glendale Federal S&L	9,741	8.7
94	81	Philip Morris	9,667	0.5
95	114	Barnett Banks Fla	9,397	35.6
96	97	Xerox	9,297	21.2
97	86	Continental Corp	9,278	7.6
98	87	Unocal	9,228	8.4
99	■	Student Loan Mktg	9,118	21.5
100	180	Sun Banks	8,901	77.9
101	107	Southeast Banking	8,883	22.1
102	92	Texas Utilities	8,781	9.5
103	117	Control Data	8,778	21.4
104	93	United Technologies	8,720	9.1
105	124	CoreStates Financial	8,587	36.3
106	88	Westinghouse Elec	8,569	2.6
107	95	Pub Svc Elec & Gas	8,565	8.3
108	103	Comerica	8,556	16.0
109	99	Consumers Power	8,469	11.5
110	90	Household Intl	8,446	2.6
111	102	Procter & Gamble	8,361	7.9
111	101	City Investing	8,361	10.7
113	212	Paine Webber	8,314	60.6
114	96	Consolidated Edison	8,247	4.8
115	98	Detroit Edison	8,195	7.2
116	108	Golden West Financial	8,186	12.6
117	106	K Mart	8,183	11.4
118	120	Norfolk Southern	8,172	4.0
119	110	Valley National	8,146	13.4
120	111	Philadelphia Electric	8,144	15.9
121	115	Southwest Bancshares	7,989	13.4
122	■	First Federal Michigan	7,971	53.1
123	136	Allied Bancshares	7,895	27.6
124	116	Wachovia	7,850	13.5
125	118	Florida Power & Light	7,721	12.7
126	105	Dominion Resources	7,691	2.8
127	57	*RCA	7,656	1.1
128	125	Allied Corp	7,647	21.9
129	100	Boeing	7,471	–1.6
130	94	J C Penney	7,438	11.3
131	112	Harris Bankcorp	7,425	4.0
132	113	Duke Power	7,379	4.6
133	179	Banc One	7,270	44.6
134	NC	Sovran Financial	7,187	7.8
135	121	Amerifin	7,112	5.0
136	109	Caterpillar Tractor	6,968	–3.2
137	137	Cit & Southern Ga	6,933	15.0
138	123	Michigan National	6,891	6.0
139	131	Kemper	6,838	10.7
140	132	First Union	6,803	10.3
141	■	Home Federal S&L-Cal	6,803	11.4
142	205	City Federal S & L	6,795	49.2
143	126	Chrysler	6,772	8.1
144	129	*Beneficial Corp	6,716	10.8
145	119	National City	6,586	–3.5
146	148	Houston Industries	6,575	15.8
147	144	U S Bancorp	6,511	13.1
148	128	Northern Trust	6,438	3.0
149	134	Monsanto	6,427	5.8
150	186	First Natl State Bcp	6,417	31.8
151	211	Midlantic Banks	6,413	47.8
152	141	Rainier Bancorp	6,413	9.3
153	157	Long Island Lighting	6,390	19.4
154	135	Avco	6,388	5.8
155	138	Alcoa	6,267	4.6
156	133	Amerada Hess	6,217	1.2
157	163	Imperial Corp of Am	6,110	15.9
158	175	CBT	6,072	19.8
159	142	BancOhio	6,062	4.1
160	152	Penn Power & Light	6,049	9.4
161	188	Gibraltar Financial	6,047	24.8
162	297	Diamond Shamrock	6,024	88.6
163	166	Goodyear	5,985	1.7
164	139	Deere	5,947	0.5
165	140	Weyerhaeuser	5,946	0.4
166	164	Ohio Edison	5,905	12.5
167	149	Halliburton	5,834	4.5
168	162	Manufacturers Natl	5,80	9.9
169	176	Bank of New England	5,801	14.5
170	145	AmeriTrust	5,797	0.8

The Forbes Assets 500

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
171	207	First Atlanta	5,762	28.6
172	153	Minn Mining & Mfg	5,760	4.5
173	156	Shawmut	5,755	7.1
174	178	Maryland National	5,740	13.5
175	204	Fleet Financial	5,736	26.5
176	170	Central & South West	5,716	11.3
177	220	Fidelcor	5,662	34.8
178	150	International Paper	5,617	0.9
179	160	St Paul Cos	5,595	5.2
180	147	Mercantile Bancorp	5,508	–3.2
181	159	Donaldson, Lufkin	5,445	2.2
182	192	General Re	5,440	14.7
183	165	Huntington Bancshares	5,426	3.5
184	171	Dart & Kraft	5,418	5.5
185	187	United Virginia Bshs	5,415	11.7
186	195	Texas American Bshs	5,409	11.5
187	158	Sperry	5,376	1.8
188	193	Niagara Mohawk Pwr	5,358	12.0
189	172	Centerre Bancorp	5,354	4.5
190	254	Norstar Bancorp	5,351	46.5
191	185	Rockwell International	5,339	6.7
192	167	General Public Utils	5,334	2.6
193	182	Carolina Power & Lt	5,294	6.9
194	174	USF&G	5,279	3.9
195	181	Superior Oil	5,267	5.5
196	168	Columbia Gas System	5,238	1.6
197	183	Coca-Cola	5,228	6.2
198	197	Union Electric	5,206	12.4
199	257	Signal Cos	5,203	70.9
200	177	Panhandle Eastern	5,194	2.5
201	155	First Pennsylvania	5,152	–5.2
202	201	UAL	5,134	12.1
203	189	First Wisconsin	5,062	4.7
204	184	W R Grace	5,035	2.3
205	228	InterNorth	5,010	26.7
206	■	Columbia S & L	4,990	386.1
207	169	Georgia-Pacific	4,979	–3.3
208	225	Digital Equipment	4,950	18.2
209	190	United Telecom	4,945	4.0
210	200	First Security	4,943	7.3
211	202	Federated Dept Strs	4,901	7.1
212	■	Great American Fedl	4,897	12.1
213	206	Trust Co of Georgia	4,850	2.8
214	266	First Executive	4,810	39.4
215	198	McDonnell Douglas	4,792	3.7
216	191	Beatrice Foods	4,788	–3.3
217	222	Capital Holding	4,784	17.7
218	250	Riggs National	4,766	28.3
219	233	AMR	4,728	21.3
220	407	Williams Cos	4,686	97.8
221	218	Hartford National	4,676	11.2
222	208	Honeywell	4,675	4.6
223	203	Texas Eastern	4,644	2.3
224	251	BayBanks	4,639	25.1
225	215	PepsiCo	4,638	10.5
226	224	Northeast Utilities	4,629	14.9
227	272	First Tennessee Natl	4,617	36.1
228	214	Johnson & Johnson	4,461	6.0
229	199	Bethlehem Steel	4,457	–3.3
230	209	Pacific Power & Light	4,451	0.9
231	173	AMAX	4,448	–12.6
232	265	Hewlett-Packard	4,444	25.4
233	69	*Gulf & Western Inds	4,425	–22.2
234	226	LTV	4,406	9.5
235	■	Carteret Savings	4,396	25.4
236	236	Arizona Public Service	4,386	12.8
237	246	Gulf States Utilities	4,353	14.4
238	240	General Foods	4,349	6.9
239	217	California First Bank	4,347	4.6
240	245	Public Service Ind	4,345	13.9
241	232	Anheuser-Busch Cos	4,330	11.0
242	127	*American Brands	4,304	6.5
243	231	Society	4,283	9.5
244	243	Litton Industries	4,273	7.9
245	241	Cleveland Elec Illum	4,267	10.2
246	239	Continental Telecom	4,228	9.4
247	255	Merck	4,215	15.3
248	234	Lincoln First Banks	4,179	7.4
249	235	Safeway Stores	4,174	7.3
250	244	First of America Bank	4,109	7.6
251	219	Burroughs	4,098	–0.6
252	196	Fluor	4,085	–9.3
253	258	Hospital Corp of Am	4,083	13.4
254	213	Ashland Oil	4,063	–2.0
255	230	State Street Boston	4,044	3.3
256	229	IC Industries	3,985	1.2
257	227	Am Natural Resources	3,944	–0.9
258	248	Pfizer	3,936	4.1
259	249	Gibraltar Savings	3,902	–1.9
260	■	Florida Federal S&L	3,896	27.9
261	260	United Banks of Colo	3,868	9.8
262	242	BanCal Tri-State	3,867	0.7
263	151	*Teledyne	3,852	17.1
264	274	Bank of Virginia	3,850	14.8
265	291	Dominion Bankshares	3,826	18.6
266	261	Baltimore Gas & Elec	3,810	6.8
267	247	Kerr-McGee	3,807	1.2
268	270	Fidelity Union Bancorp	3,766	10.5
269	290	Eastern Air Lines	3,758	16.5
270	262	Raytheon	3,729	6.2
271	382	Meridian Bancorp	3,728	8.3
272	283	McDonald's	3,727	14.2
273	301	Third National	3,726	18.9
274	271	American Security	3,724	9.3
275	284	Pacific Lighting	3,719	14.2
276	411	Old Kent Financial	3,706	57.5
277	267	No Indiana Pub Svc	3,696	7.1
278	268	First Maryland Bancorp	3,655	6.0
279	146	*Continental Group	3,653	–13.2
280	285	AmSouth Bancorp	3,637	11.7
281	287	United Jersey Banks	3,635	12.5
282	253	Nabisco Brands	3,625	–7.6
283	238	Transco Energy	3,625	–6.2
284	282	PPG Industries	3,615	10.5
285	130	*Armco	3,609	–13.2
286	319	Dayton-Hudson	3,586	20.2
287	288	Pennzoil	3,584	11.1
288	264	Champion Intl	3,576	3.0
289	269	Allegheny Power	3,561	4.4
290	273	NCR	3,560	5.6
291	263	Florida National Banks	3,550	1.5
292	295	Chubb	3,539	10.5
293	256	Kaiser Alum & Chem	3,506	–3.8
294	341	Boatmen's Bancshares	3,505	27.1
295	■	United Financial Group	3,504	89.5
296	346	Kroger	3,502	6.3
297	■	MCI Communications	3,500	123.1
298	371	First American	3,497	10.9
299	337	Key Banks	3,492	24.9
300	276	Commerce Bancshares	3,477	4.0
301	307	Illinois Power	3,437	11.1
302	292	American Natl Ins	3,429	6.4
303	317	Safeco	3,415	14.1
304	299	Eli Lilly	3,414	8.2
305	■	Washington Mutual Sv	3,400	26.5
306	296	Northern States Power	3,395	6.2
307	320	Bancorp Hawaii	3,377	13.7
308	311	American Fletcher	3,377	11.1
309	■	Northeast Savings	3,373	10.0
310	326	Marshall & Ilsley	3,362	14.4
311	280	Washington National	3,360	2.1
312	281	Consol Natural Gas	3,358	2.6
313	289	Coastal Corp	3,338	3.5
314	499	Esmark	3,338	94.7
315	376	Atlantic Bancorp	3,330	31.4
316	303	TRW	3,321	6.3
317	329	First Kentucky Natl	3,318	16.3
318	489	Southland	3,309	79.6
319	363	MidCon	3,293	16.0
319	275	Reynolds Metals	3,293	–1.5
321	417	Amer Savings & Loan	3,278	28.0
322	302	Jefferson-Pilot	3,277	4.7
323	308	ENSERCH	3,259	5.8
324	294	Equimark	3,254	1.2
325	418	Continental Bancorp	3,239	10.8
326	333	Motorola	3,236	14.2
327	359	Delta Air Lines	3,230	11.7
328	300	SONAT	3,222	2.6
329	312	Torchmark	3,217	5.9
330	304	First Alabama Bshs	3,214	2.9
331	252	Intl Harvester	3,214	–9.9
332	354	Provident Life & Acc	3,194	18.5
333	279	Dresser Industries	3,181	0.0
334	328	SmithKline Beckman	3,170	12.6
335	352	General Mills	3,164	0.3

■ Not on 500 list in 1982 *1983 ranks do not reflect consolidation of unconsolidated subsidiaries

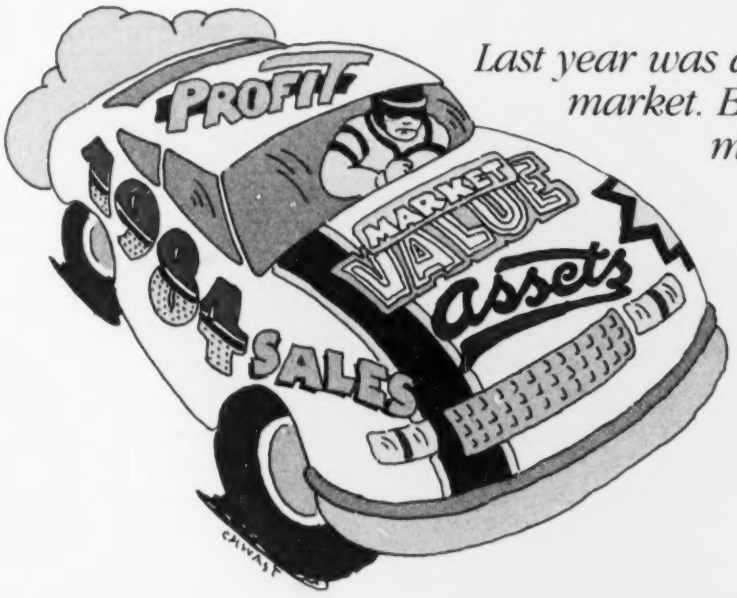
Source: Media General Financial Services, Inc., Forbes

The Forbes Assets 500

Rank 1983	Rank 1982	Company	Assets ($mil)	% change over 1982
336	293	USLIFE	3,158	–2.0
337	325	Duquesne Light	3,146	9.1
338	350	N Y State Elec & Gas	3,143	16.3
339	322	Florida Progress	3,140	7.7
340	390	New England Electric	3,131	11.7
341	364	Houston Natural Gas	3,129	15.3
342	298	Warner Comm	3,122	–2.0
343	335	American Home Prod	3,086	9.0
344	351	Indiana National	3,068	13.6
345	314	Cullen/Frost Bankers	3,064	1.1
346	315	American Cyanamid	3,056	2.0
347	342	Bristol-Myers	3,007	9.1
348	391	SouthTrust	3,001	19.5
349	355	CBS	2,990	5.7
350	347	Banco Popular PR	2,974	9.1
351	384	Texas Oil & Gas	2,970	21.3
352	369	Western S&L	2,964	14.2
353	316	Owens-Illinois	2,936	–2.0
354	393	Pillsbury	2,931	15.3
355	344	Cincinnati G & E	2,928	7.0
356	323	Warner-Lambert	2,919	0.4
357	353	Pan Am World Air	2,910	7.9
358	357	Kimberly-Clark	2,904	9.0
359	340	Centran	2,884	4.4
360	330	St Regis Paper	2,880	1.0
361	313	Republic Steel	2,876	–5.2
362	387	Equitable Bancorp	2,874	17.0
363	305	Penn Central	2,874	–7.3
364	327	Celanese	2,869	0.2
365	277	First Okla Bancorp	2,862	–14.0
366	368	May Dept Stores	2,845	8.4
367	396	San Diego Gas & Elec	2,840	17.8
368	345	Utah Power & Light	2,838	3.7
369	358	Boise Cascade	2,838	6.6
370	362	General Dynamics	2,836	7.5
371	361	American Can	2,830	6.9
372	383	Lockheed	2,830	14.8
373	374	Abbott Laboratories	2,824	10.0
374	332	Central Bancorp	2,822	–0.4
375	318	Murphy Oil	2,808	–6.1
376	349	Potomac Elec Power	2,807	3.6
377	379	First Florida Banks	2,798	10.4
378	339	FMC	2,783	0.6
379	360	Central Bancshares	2,769	4.2
380	408	Moore Financial	2,766	17.2
381	414	Arizona Bancwest	2,760	18.1
382	■	Trans World Airlines	2,738	2.5
383	331	Martin Marietta	2,738	–3.5
384	404	Scott Paper	2,723	14.3
385	370	Borden	2,720	5.1
386	400	Consolidated Foods	2,720	8.7
387	365	Texas Instruments	2,713	3.1
388	321	Utd Energy Resources	2,710	–7.8
389	377	Central Fidelity Banks	2,702	6.7
390	401	CharterCorp	2,701	13.0
391	■	Farm & Home Savings	2,695	5.7
392	367	NICOR	2,684	2.1
393	397	Citizens Fidelity	2,668	10.8
394	372	Public Service Colo	2,665	3.5
395	373	Colgate-Palmolive	2,664	3.5
396	82	*National Intergroup	2,649	0.3
397	348	United Missouri Bshs	2,639	–2.9
398	375	Jim Walter	2,638	3.7
399	424	First National Cinc	2,633	17.6
400	366	Inland Steel	2,626	–9.1
401	385	Borg-Warner	2,617	6.3
402	403	First Hawaiian	2,605	9.3
403	336	Combustion Eng	2,585	–8.4
404	437	Suburban Bancorp	2,580	19.9
405	356	Firestone	2,579	–0.1
406	406	B F Goodrich	2,576	6.3
407	430	Archer Daniels	2,550	27.7
408	343	GATX	2,531	–7.5
409	416	Emerson Electric	2,519	9.0
410	389	Combined Intl	2,514	5.1
411	451	Marriott	2,501	21.3
412	410	Wisconsin Elec Pwr	2,491	5.8
413	443	Northwestern Finl	2,489	17.6
414	438	Public Service N M	2,487	15.9
415	395	CPC International	2,483	2.9
416	405	Gelco	2,470	7.0
417	446	Walt Disney	2,466	11.7
418	466	Fin Cp Santa Barbara	2,463	22.8
419	398	Colorado Natl Bnkshs	2,463	2.4
420	413	Marine	2,455	4.9
421	444	Sumitomo Bank Cal	2,454	16.1
422	434	TRANSOHIO Finl	2,447	12.5
423	■	Horizon Bancorp	2,428	58.8
424	421	Allied Stores	2,427	9.5
425	441	H J Heinz	2,421	5.6
426	402	Crown Zellerbach	2,411	1.1
427	442	Toledo Edison	2,402	13.0
428	392	Schering-Plough	2,397	–1.3
429	■	Guarantee Finl Calif	2,394	18.2
430	440	Times Mirror	2,384	11.7
431	456	Union Camp	2,381	16.4
432	419	Commerce Union	2,369	3.5
433	380	F W Woolworth	2,364	–5.0
434	462	First Virginia Banks	2,360	17.0
435	431	So Carolina E & G	2,358	7.1
436	429	Centel	2,352	6.9
437	415	Portland Genl Elec	2,348	1.1
438	497	Natl Bancshares Texas	2,346	9.6
439	423	U S Trust	2,333	3.4
440	439	Old Stone	2,316	8.4
441	399	Ingersoll-Rand	2,311	–4.9
442	428	Zions Utah Bancorp	2,311	4.4
443	449	South Carolina Natl	2,308	11.3
444	■	Mesa Petroleum	2,306	38.3
445	450	Deposit Guaranty	2,294	10.7
446	461	Dayton Power & Light	2,287	7.3
447	427	Avon Products	2,286	2.4
448	460	Amer Hospital Supply	2,280	13.0
449	459	Eaton	2,279	12.3
450	NC	Time Inc	2,273	31.5
451	■	Valley Fed Sav & Loan	2,272	27.0
452	500	Humana	2,272	17.5
453	412	Liberty National	2,261	–3.6
454	■	Dauphin Deposit	2,260	67.8
455	470	Ryder Systems	2,257	13.7
456	435	Air Prods & Chems	2,256	4.5
457	426	Manville	2,253	0.8
458	492	No American Philips	2,252	23.4
459	452	Affiliated Bshs Colo	2,248	9.2
460	436	ASARCO	2,227	3.4
461	422	Revlon	2,215	–2.5
462	■	Citadel Holding	2,207	26.8
463	453	Burlington Industries	2,195	7.4
464	463	Upjohn	2,195	9.0
465	■	Union National	2,185	46.2
466	469	Hercules	2,175	3.5
467	487	Campbell Soup	2,173	8.8
468	381	Baker International	2,165	–12.0
469	■	Toledo Trustcorp	2,151	25.9
470	473	So New England Tel	2,128	6.5
471	465	Oklahoma Gas & Elec	2,128	5.7
472	495	Baxter Travenol Labs	2,127	18.6
473	474	Puget Sound Pwr & Lt	2,127	9.1
474	■	Mercantile Bankshares	2,124	22.9
475	455	Western Union	2,123	3.8
476	■	BancTEXAS Group	2,123	15.0
477	454	Whitney Holding	2,122	3.6
478	433	Stauffer Chemical	2,119	–3.2
479	457	Textron	2,105	3.3
480	■	R H Macy	2,104	20.6
481	■	BancOklahoma	2,103	37.8
482	409	Hughes Tool	2,098	–11.1
483	445	Ralston Purina	2,098	–2.9
484	471	Dana	2,095	5.6
485	476	Newmont Mining	2,091	11.8
486	482	Amer Broadcasting	2,090	8.7
487	425	Mead	2,087	–3.6
488	■	Public Service N H	2,086	29.1
489	472	Merchants National	2,082	5.1
490	488	City National	2,071	11.4
491	496	Kansas City Pwr & Lt	2,071	15.6
492	475	First Empire State	2,071	6.5
493	■	Cit & Southern SC	2,052	25.3
494	480	RIHT Financial	2,041	5.8
495	493	Farmers Group	2,040	13.2
496	485	Carter Hawley Hale	2,029	7.3
497	■	First Commerce	2,024	2.1
498	478	Broadview Financial	2,019	4.4
499	■	Associated Dry Goods	2,004	17.8
500	479	Boston Edison	1,995	3.4

■ Not on 500 list in 1982 NC not comparable *1983 ranks do not reflect consolidation of unconsolidated subsidiaries *Source: Media General Financial Services, Inc., Forbes*

The Forbes Market Value 500



Last year was a good one for the stock market. But it was even better for many of the corporations on this volatile list. A handful posted gains of 100% or more.

THE STOCK MARKET was good to the bulk of The Forbes Market Value 500 last year. No wonder. During the 12 months of 1983, the broad-based Wilshire 5000 index was up nearly 20%. But seven of the ten companies at the top of this list did even better.

Rank 1983	1982	Company	Market value ($mil)	% change over 1982
1	1	IBM	74,508	28.5
2	2	American Tel & Tel	59,392	11.6
3	3	Exxon	31,623	22.7
4	4	General Electric	26,653	23.3
5	5	General Motors	23,419	20.4

The real excitement, however, comes in the big percentage moves. Many of the other 500s rankings remain relatively stable from year to year. But not market value. Fifteen firms on this list, for example, posted gains of 100% or more.

The leader was Teradyne, which makes test equipment for solid-state circuits. Demand for its products is robust, and share prices surged from below $14 at the beginning of last year to almost $40 in December.

Three other firms in the top five—Zenith, Advanced Micro Devices and Intel—benefited from investors' fascination with technology. Pan Am, by contrast, is only an airline, the new technology of an older era. The force behind its gains is largely financial.

On the downside, some firms—such as now-bankrupt Baldwin-United—have disappeared from our roster completely. Long Island Lighting, however, leads the list of losers that still make our $694 million cutoff. Concern about its Shoreham nuclear plant shaved more than $600 million off the utility's market value.

Other prominent losers include two computer makers that hit hard times. Digital Equipment and Prime were both buffeted by reduced demand for their midsize products. General Instrument was hurt by a slump in demand for its cable-television products, and Humana suffered when investors lost some of their enthusiasm over the growth potential of for-profit hospitals.

Be sure to check the bottom of this list for a crop of newcomers. These include fresh names like Analog Devices *(see p. 134)* and Molex *(p. 138)*, as well as familiar ones like Cummins Engine and Maytag.

Winners

The largest increases in market value.

Rank 1983	1982	Company	Market value ($mil)	% change over 1982
456	■	Teradyne	782	218.0
457	■	Zenith Radio	780	186.5
428	■	Pan Am World Air	837	181.8
178	421	Advanced Micro Dvcs	1,813	173.8
56	149	Intel	4,691	166.9

Losers

The largest decreases in market value.

Rank 1983	1982	Company	Market value ($mil)	% change over 1982
330	150	Long Island Lighting	1,080	–37.3
350	179	General Instrument	1,024	–34.2
76	28	Digital Equipment	4,070	–26.7
426	262	Prime Computer	839	–22.7
154	88	Humana	2,096	–22.0

■ Not on 500 list in 1982

Source: Media General Financial Services, Inc. For

The Forbes Market Value 500

Rank 1983	Rank 1982	Company	Market value ($mil)	% change over 1982
6	7	Standard Oil Indiana	14,829	27.7
7	10	Sears,Roebuck	13,163	24.3
8	6	Eastman Kodak	12,606	–11.4
9	18	E I du Pont	12,421	46.4
10	8	Shell Oil	12,364	8.1
11	9	Standard Oil Calif	11,813	8.2
12	12	Mobil	11,696	14.6
13	17	Standard Oil Ohio	11,082	25.8
14	11	Atlantic Richfield	10,802	4.3
15	15	Hewlett-Packard	10,620	15.9
16	16	Minn Mining & Mfg	9,672	9.4
17	13	Procter & Gamble	9,469	–3.6
18	19	Texaco	9,292	15.7
19	20	Philip Morris	8,967	18.7
20	21	GTE	8,341	11.4
21	■	BellSouth	8,136	NA
22	14	Johnson & Johnson	7,820	–16.7
23	36	Ford Motor	7,755	65.7
24	23	American Home Prod	7,735	10.9
25	22	Coca-Cola	7,295	3.3
26	32	Gulf	7,130	38.5
27	25	American Express	6,961	13.5
28	26	R J Reynolds Inds	6,881	19.8
29	24	Merck	6,683	6.8
30	33	Dow Chemical	6,536	30.1
31	■	Bell Atlantic	6,301	NA
32	■	Ameritech	6,229	NA
33	44	ITT	6,160	48.0
34	■	NYNEX	5,939	NA
35	29	Union Pacific	5,824	8.4
36	40	Bristol-Myers	5,760	26.7
37	41	Tenneco	5,714	29.5
38	30	Pfizer	5,705	7.6
39	■	Southwestern Bell	5,686	NA
40	37	Unocal	5,493	18.8
41	35	Abbott Laboratories	5,480	15.8
42	68	Wal-Mart Stores	5,457	62.8
43	■	U S WEST	5,372	NA
44	70	Motorola	5,366	61.1
45	■	Pacific Telesis Group	5,360	NA
46	34	Phillips Petroleum	5,286	5.8
47	73	Rockwell International	5,098	56.4
48	55	Sun Company	5,081	37.1
49	75	Texas Oil & Gas	5,010	54.6
50	NC	Santa Fe Southern	4,989	NC
51	53	Wang Laboratories	4,895	31.9
52	65	Westinghouse Elec	4,792	41.0
53	43	Halliburton	4,778	14.4
54	77	Xerox	4,707	48.7
55	27	SmithKline Beckman	4,706	–17.7
56	149	Intel	4,691	166.9
57	56	Superior Oil	4,676	27.7
58	39	American Intl Group	4,665	2.3
59	46	Citicorp	4,625	11.9
60	45	Emerson Electric	4,558	9.9
61	64	Phibro-Salomon	4,539	33.2
62	31	Tandy	4,524	–14.6
63	60	Caterpillar Tractor	4,496	26.9
64	47	Pacific Gas & Electric	4,470	11.7
65	38	Weyerhaeuser	4,445	–3.2
66	54	Union Carbide	4,422	19.2
67	51	Commonwealth Edison	4,348	15.8
68	80	United Technologies	4,334	41.0
69	79	Monsanto	4,307	39.1
70	42	Eli Lilly	4,253	–2.5
71	71	Boeing	4,242	29.6
72	59	J C Penney	4,190	17.9
73	87	K Mart	4,186	52.9
74	58	McDonald's	4,183	15.6
75	101	AMP	4,101	67.7
76	28	Digital Equipment	4,070	–26.7
77	66	Southern Calif Edison	4,004	17.9
78	61	Norfolk Southern	3,972	15.5
79	72	Southern Company	3,759	15.2
80	131	Burlington Northern	3,678	87.1
81	52	Dart & Kraft	3,653	–2.6
82	50	Raytheon	3,649	–3.4
83	100	Alcoa	3,632	48.5
84	112	CSX	3,614	67.5
85	142	Signal Cos	3,592	99.5
86	57	Aetna Life & Cas	3,583	–1.0
87	69	PepsiCo	3,579	7.2
88	86	Dun & Bradstreet	3,496	26.1
89	91	Teledyne	3,407	27.5
90	62	Hospital Corp of Am	3,402	–0.6
91	106	NCR	3,383	47.1
92	48	MCI Communications	3,371	–13.9
93	199	Chrysler	3,365	138.5
94	76	Texas Instruments	3,331	4.6
95	63	Baxter Travenol Labs	3,275	–4.0
96	97	American Brands	3,256	28.6
97	94	Consolidated Edison	3,227	22.5
98	74	CIGNA	3,206	–1.4
99	95	Goodyear	3,202	23.4
100	113	United States Steel	3,178	48.2
101	105	Beatrice Foods	3,163	35.9
102	67	Gannett	3,149	–6.8
103	82	BankAmerica	3,140	5.6
104	118	Dow Jones	3,116	48.5
105	NC	Time Inc	3,095	NC
106	85	General Re	3,088	7.6
107	81	American Elec Power	3,079	1.0
108	144	General Dynamics	3,064	70.4
109	132	Honeywell	3,046	57.0
110	78	Anheuser-Busch Cos	3,025	–2.9
111	93	Dayton-Hudson	3,013	13.3
112	247	Allied Corp	2,980	161.2
113	122	Litton Industries	2,956	43.8
114	103	International Paper	2,935	22.9
115	84	Amer Hospital Supply	2,932	1.9
116	102	TRW	2,895	21.2
117	89	Texas Utilities	2,876	7.2
118	104	Merrill Lynch	2,865	22.4
119	139	RCA	2,842	55.0
120	90	J P Morgan	2,742	2.6
121	133	H J Heinz	2,682	40.2
122	123	General Foods	2,672	30.0
123	127	Travelers	2,658	31.2
124	145	Ralston Purina	2,651	49.6
125	126	R H Macy	2,634	29.6
126	129	Deere	2,608	30.6
127	107	Federated Dept Strs	2,605	13.6
128	96	Nabisco Brands	2,603	1.8
129	116	Times Mirror	2,575	20.8
130	212	Lockheed	2,527	91.7
131	211	Diamond Shamrock	2,515	89.6
132	92	Georgia-Pacific	2,512	–5.5
133	110	Duke Power	2,503	12.2
134	99	General Mills	2,501	1.5
135	183	Sperry	2,483	62.7
136	125	Kellogg	2,476	21.7
137	155	American Cyanamid	2,450	45.7
138	143	PPG Industries	2,437	35.5
139	108	Squibb	2,417	6.2
140	134	Occidental Petroleum	2,399	26.7
141	124	Amerada Hess	2,396	16.8
142	109	Warner-Lambert	2,370	5.2
143	111	Pub Svc Elec & Gas	2,340	6.1
144	165	McDonnell Douglas	2,338	44.5
145	218	Gulf & Western Inds	2,330	81.1
146	147	Burroughs	2,289	29.9
147	140	Florida Power & Light	2,268	24.1
148	98	Waste Management	2,224	–11.8
149	120	Middle South Utilities	2,221	7.2
150	137	W R Grace	2,194	18.7
151	121	G D Searle	2,165	4.8
152	136	McGraw-Hill	2,119	13.0
153	174	Borg-Warner	2,115	33.7
154	88	Humana	2,096	–22.0
155	158	Kimberly-Clark	2,071	24.7
156	154	MCA	2,054	21.5
157	115	Philadelphia Electric	2,053	–4.0
158	162	Federal Express	2,038	25.5
159	168	Loews	2,027	25.7
160	191	Union Camp	2,011	37.1
161	190	Transamerica	2,001	36.0
162	178	Campbell Soup	1,967	26.2
163	146	CBS	1,966	11.0
164	164	Carnation	1,944	20.1
165	180	Marriott	1,915	23.3
166	197	Toys R Us	1,905	33.3
167	184	Masco	1,899	24.8
168	227	Hercules	1,893	53.6
169	175	Capital Cities Comm	1,887	19.7
170	119	Schering-Plough	1,881	–10.2

■ Not on 500 list in 1982. NA: not available. NC: not comparable.

Source: Media General Financial Services, Inc., Forbes

The Forbes Market Value 500

Rank 1983	Rank 1982	Company	Market value ($mil)	% change over 1982
171	278	Security Pacific	1,878	80.9
172	130	Avon Products	1,872	–5.8
173	128	CPC International	1,868	–7.4
174	217	Electronic Data Syst	1,849	42.0
175	151	Dominion Resources	1,834	6.7
176	138	Melville	1,829	–0.7
177	117	Walt Disney	1,819	–13.9
178	421	Advanced Micro Dvcs	1,813	173.8
179	170	Houston Industries	1,809	12.8
180	200	Upjohn	1,803	28.7
181	153	United Telecom	1,793	5.5
182	193	Detroit Edison	1,792	22.6
183	159	Archer Daniels	1,786	14.4
184	186	Central & South West	1,783	17.6
185	207	Holiday Inns	1,777	30.5
186	173	Whirlpool	1,772	11.2
187	307	Eaton	1,769	92.1
188	196	Marsh & McLennan	1,765	22.3
189	114	Warner Comm	1,763	–17.6
190	169	Colgate-Palmolive	1,763	9.6
191	194	Houston Natural Gas	1,757	20.5
192	239	InterNorth	1,751	48.0
193	141	Pennzoil	1,749	–3.0
194	306	AMR	1,747	89.6
195	172	Levi Strauss	1,744	8.9
196	219	First Interstate Bancp	1,726	34.8
197	220	Fort Howard Paper	1,725	35.9
198	204	Control Data	1,725	25.0
199	328	Esmark	1,719	103.3
200	167	Knight-Ridder News	1,700	5.3
201	255	Kroger	1,655	50.2
202	206	Sterling Drug	1,654	21.0
203	177	Dresser Industries	1,646	5.6
204	192	Niagara Mohawk Pwr	1,638	11.7
205	156	Amer Broadcasting	1,631	–2.4
206	160	Genuine Parts	1,628	–0.5
207	185	Kerr-McGee	1,616	6.5
208	281	Avnet	1,614	56.7
209	216	Champion Intl	1,588	21.7
210	241	Harris Corp	1,584	36.0
211	209	Borden	1,582	16.5
212	223	Dana	1,581	25.0
213	157	Chase Manhattan	1,581	–4.9
214	148	Delta Air Lines	1,580	–10.2
215	198	AMAX	1,578	10.6
216	263	Pillsbury	1,574	45.0
217	288	Rohm & Haas	1,568	55.8
218	208	May Dept Stores	1,550	13.9
219	189	Newmont Mining	1,537	3.0
220	277	FMC	1,537	48.0
221	260	Panhandle Eastern	1,531	40.8
222	254	Continental Group	1,529	37.7
223	237	Hilton Hotels	1,523	27.6
224	187	Texas Eastern	1,522	1.5
225	319	Scott Paper	1,522	76.2
226	171	Fedl National Mortgage	1,514	–5.6
227	236	Safeway Stores	1,513	26.5
228	228	American General	1,513	23.6
229	256	Household Intl	1,511	37.2
230	302	Southland	1,505	61.4
231	370	Berkshire Hathaway	1,502	96.4
232	188	Natl Medical Entrprs	1,501	0.1
233	215	USF&G	1,498	14.6
234	205	Gillette	1,494	9.1
235	258	Continental Telecom	1,493	36.8
236	229	Cooper Industries	1,492	22.0
237	245	Freeport-McMoRan	1,478	29.3
238	213	Consolidated Foods	1,478	12.7
239	201	Corning Glass Works	1,470	5.2
240	250	R R Donnelley & Sons	1,467	29.6
241	202	Penn Power & Light	1,451	3.9
242	225	General Signal	1,447	14.9
243	405	Limited	1,445	106.3
244	151	Apple Computer	1,443	–16.2
245	257	Tektronix	1,424	30.1
246	235	Farmers Group	1,417	18.4
247	274	Browning-Ferris Inds	1,402	32.4
248	240	Pacific Power & Light	1,396	19.1
249	265	Air Prods & Chems	1,387	28.2
250	244	Roadway Services	1,385	21.0
251	269	Armco	1,383	28.8
252	297	Consol Natural Gas	1,382	45.4
253	300	Lincoln National	1,379	46.7
254	293	Tandem Computers	1,376	42.7
255	222	Carolina Power & Lt	1,375	8.7
256	266	City Investing	1,374	27.1
257	280	Columbia Gas System	1,369	32.4
258	182	Fluor	1,357	–11.2
259	163	Continental Corp	1,354	–15.5
260	161	Gould	1,352	–17.2
261	195	Manufacturers Hanover	1,343	–7.7
262	176	Baker International	1,342	–14.4
263	275	Bankers Trust N Y	1,338	27.9
264	■	Natl Semiconductor	1,333	158.4
265	238	Texas Commerce Bshs	1,333	12.1
266	270	SONAT	1,330	24.1
267	210	Ohio Edison	1,329	–1.2
268	282	Chemical New York	1,325	29.1
269	166	Chesebrough-Pond's	1,321	–18.3
270	332	Bethlehem Steel	1,318	56.8
271	383	Mellon National	1,315	76.3
272	246	Northrop	1,312	14.9
273	267	Ryder Systems	1,309	21.6
274	309	ROLM	1,307	44.0
275	251	Allegheny Power	1,297	14.7
276	181	Arizona Public Service	1,292	–15.7
277	337	Morton Thiokol	1,289	54.6
278	233	Cox Communications	1,277	5.4
279	386	Colt Industries	1,271	71.1
280	232	Perkin-Elmer	1,269	4.2
281	290	UAL	1,267	28.7
282	273	Utah Power & Light	1,248	17.0
283	221	Auto Data Processing	1,247	–1.4
284	371	Black & Decker	1,239	62.4
285	■	Tribune	1,237	NA
286	243	Nalco Chemical	1,235	7.3
287	387	Martin Marietta	1,229	66.0
288	327	Computervision	1,228	45.1
289	203	Consumers Power	1,228	–11.5
290	294	ENSERCH	1,222	27.5
291	379	Greyhound	1,221	62.6
292	268	Baltimore Gas & Elec	1,221	13.7
293	242	Union Electric	1,219	5.0
294	333	St Regis Paper	1,216	44.8
295	231	Cleveland Elec Illum	1,214	–0.5
296	214	St Paul Cos	1,212	–7.3
297	264	Northeast Utilities	1,205	11.1
298	252	Winn-Dixie Stores	1,204	7.0
299	366	Pacific Lighting	1,202	55.7
300	330	Penn Central	1,194	41.5
301	315	GEICO	1,185	34.7
302	325	Quaker Oats	1,179	39.0
303	272	Revlon	1,179	10.2
304	458	Varian Associates	1,177	92.6
305	320	Walgreen	1,172	36.5
306	443	American Stores	1,171	83.6
307	276	Boise Cascade	1,170	12.4
308	■	Mead	1,165	133.3
309	310	Northern States Power	1,164	28.4
310	324	Intl Minerals & Chem	1,158	35.9
311	230	Hughes Tool	1,158	–5.2
312	226	Amer Medical Intl	1,144	–7.8
313	298	Square D	1,143	20.8
314	348	Am Natural Resources	1,130	39.9
315	391	Mitchell Energy & Dev	1,127	52.9
316	347	Textron	1,125	38.6
317	432	U S Tobacco	1,122	73.1
318	382	Pitney Bowes	1,120	50.1
319	427	No American Philips	1,114	70.2
320	340	Revco D S	1,112	33.9
321	316	Arkla	1,112	26.4
322	388	New York Times	1,111	50.1
323	224	InterFirst	1,110	–11.9
324	291	Homestake Mining	1,107	13.8
325	356	F W Woolworth	1,106	39.6
326	381	Combined Intl	1,105	47.6
327	283	Stauffer Chemical	1,104	7.8
328	406	Westvaco	1,094	57.4
329	402	Celanese	1,082	53.5
330	150	Long Island Lighting	1,080	–37.3
331	296	Super Valu Stores	1,079	13.3
332	323	Murphy Oil	1,079	26.6
333	301	Firestone	1,077	15.5
334	259	Dover	1,072	–1.7
335	279	Owens-Corning Fbrgls	1,071	3.3

■ Not on 500 list in 1982. NA: not available

Source: Media General Financial Services, Inc.; Forbes.

The Forbes Market Value 500

Rank 1983	Rank 1982	Company	Market value ($mil)	% change over 1982
336	289	Gulf States Utilities	1,067	7.7
337	390	First Chicago	1,057	43.3
338	261	Combustion Eng	1,052	–3.1
339	384	PACCAR	1,047	40.4
340	308	Jack Eckerd	1,040	13.0
341	375	MidCon	1,039	36.8
342	361	Ingersoll-Rand	1,039	32.7
343	362	Polaroid	1,037	32.7
344	372	Owens-Illinois	1,037	36.3
345	363	Washington Post	1,035	32.6
346	318	Engelhard	1,033	19.3
347	292	Safeco	1,032	6.1
348	■	Student Loan Mktg	1,028	NA
349	335	Potomac Elec Power	1,028	22.7
350	179	General Instrument	1,024	–34.2
351	354	Tandon	1,015	27.8
352	339	San Diego Gas & Elec	1,014	21.8
353	■	Ethyl	1,014	85.3
354	322	So New England Tel	1,009	17.9
355	373	Pioneer	1,008	32.5
356	■	Telerate	1,007	NA
357	■	LTV	1,004	80.1
358	351	Burlington Industries	1,004	25.7
359	475	Gr Northern Nekoosa	1,002	71.2
360	481	American Can	1,001	74.4
361	355	Allied Stores	1,001	26.1
362	286	Intl Flavors & Frag	999	–1.1
363	253	Illinois Power	998	–10.3
364	357	Crown Zellerbach	993	25.7
365	313	Hershey Foods	991	12.2
366	334	United States Gypsum	990	18.0
367	431	VF	989	52.4
368	399	Northwest Industries	987	39.4
369	314	Interco	986	14.6
370	■	Intergraph	983	77.5
371	336	EG&G	981	17.6
372	341	Metromedia	979	18.3
373	321	N Y State Elec & Gas	976	13.7
374	389	No Indiana Pub Svc	976	32.0
375	249	NL Industries	973	–14.2
376	285	Northwest Airlines	972	–4.6
377	287	Centel	970	–3.9
378	303	Capital Holding	960	3.6
379	380	Pioneer Hi-Bred Intl	958	27.7
380	312	Lucky Stores	958	8.2
381	358	New England Electric	957	21.6
382	■	Sanders Associates	952	63.4
383	376	Wisconsin Elec Pwr	948	25.5
384	448	Wells Fargo	946	49.2
385	■	Williams Cos	944	86.6
386	419	Norwest	940	41.7
387	429	Rite Aid	938	44.4
388	396	E-Systems	923	27.6
389	■	James River Corp Va	920	40.1
390	344	Public Service Colo	910	11.4
391	■	Parker-Hannifin	908	69.2
392	295	Big Three Industries	906	–5.1
393	464	Associated Dry Goods	897	49.1
394	462	Transco Energy	895	47.4
395	360	Mesa Petroleum	895	14.0
396	304	Deluxe Check Printers	893	–3.3
397	349	Sundstrand	892	10.8
398	■	PNC Financial	889	NA
399	■	Fin Corp of America	887	124.1
400	369	W W Grainger	886	15.5
401	■	TIE/Communications	881	77.8
402	497	Tucson Electric Power	880	57.1
403	353	National Distillers	879	10.5
404	271	Western Union	878	–18.0
405	346	Continental Illinois	878	7.9
406	417	E F Hutton Group	878	31.8
407	478	Tele-Communications	876	51.0
408	343	American Standard	865	5.6
409	368	Albertson's	863	12.2
410	413	Convergent Technolgs	861	27.8
411	338	Public Service N M	861	3.4
412	415	H F Ahmanson	859	28.0
413	393	Lubrizol	857	16.7
414	428	Kaiser Alum & Chem	857	31.4
415	299	M/A-Com	857	–9.0
416	NC	Trans World	855	NC
417	404	Allied Bancshares	853	21.5
418	457	Chubb	852	39.3
419	465	Wendy's International	851	42.9
420	385	Oklahoma Gas & Elec	848	14.0
421	352	ASARCO	848	6.4
422	394	Florida Progress	845	16.1
423	345	RepublicBank	844	3.4
424	■	Data General	843	87.4
425	305	Louisiana-Pacific	840	–8.9
426	262	Prime Computer	839	–22.7
427	350	Louisiana Land	838	4.4
428	■	Pan Am World Air	837	181.8
429	■	Reynolds Metals	836	66.4
430	■	Carter Hawley Hale	830	66.6
431	401	General Tire & Rubber	828	17.3
432	473	American Greetings	828	41.3
433	364	A C Nielsen	825	6.1
434	437	SEDCO	823	27.3
435	311	Brown-Forman Dist	818	–9.4
436	412	Consol Freightways	817	21.1
437	■	Torchmark	812	65.3
438	496	Cray Research	811	44.6
439	474	United States Shoe	811	38.5
440	407	Lowe's Companies	811	17.1
441	411	Mercantile Stores	810	18.7
442	■	First Bank System	809	51.9
443	422	Shared Medical Sys	807	22.3
444	418	Cabot	805	24.9
445	450	Jefferson-Pilot	803	26.9
446	426	Banc One	802	22.4
447	466	Southwest Airlines	800	34.5
448	■	IC Industries	799	68.5
449	■	G Heileman Brewing	790	51.0
450	359	Duquesne Light	789	0.4
451	■	Temple-Inland	788	NA
452	367	Ashland Oil	787	2.1
453	■	Molex	786	80.9
454	494	Emhart	783	39.1
455	453	Vulcan Materials	783	26.6
456	■	Teradyne	782	218.0
457	■	Zenith Radio	780	186.5
458	374	Gt Western Financial	779	2.4
459	■	Zayre	776	51.8
460	471	Inland Steel	772	31.1
461	■	Wometco Enterprises	767	69.9
462	342	Sysco	767	–6.5
463	454	Bank of Boston	766	25.0
464	424	Stanley Works	764	16.0
465	317	Becton, Dickinson	762	–12.9
466	482	Timken	759	32.4
467	480	Lear Siegler	758	31.8
468	398	Petrolane	757	4.8
469	■	Cummins Engine	756	83.9
470	■	Beneficial Corp	753	38.3
471	470	Southwestern Pub Svc	753	27.5
472	■	White Consolidated	751	56.1
473	445	Noble Affiliates	749	18.0
474	■	Weis Markets	745	39.9
475	451	Raychem	745	18.9
476	483	Cincinnati Milacron	744	30.1
477	■	Trust Co of Georgia	743	96.9
478	■	Olin	737	32.8
479	420	Southland Royalty	728	9.7
480	■	MGM/UA Enter	728	120.8
481	438	Avco	727	13.4
482	488	Norton	727	28.3
483	■	Analog Devices	726	110.2
484	423	USAir Group	725	10.0
485	■	Price Co	725	37.6
486	487	B F Goodrich	715	26.2
487	■	Maytag	712	36.5
488	■	Marion Laboratories	712	53.9
489	■	Amdahl	711	36.3
490	■	National Intergroup	711	118.0
491	459	ServiceMaster Inds	710	16.2
492	■	Adolph Coors	709	65.3
493	484	Premier Industrial	708	23.8
494	■	NCNB	707	56.3
495	469	Payless Cashways	704	19.0
496	■	MGM/UA Home Enter	704	94.9
497	430	MAPCO	702	8.1
498	■	Wachovia	697	41.9
499	■	Coastal Corp	695	63.9
500	467	Clorox	694	16.7

■ Not on 500 list in 1982 NA: not available NC: not comparable

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s—Jobs And Productivity

The nation's largest companies may be reporting higher sales and profits, but they aren't eager to expand their payrolls.

Lean and mean

THIS TABLE RANKS, according to their total employment, the 808 companies that make up the four Forbes 500s rosters. The table also provides productivity figures. These measure sales per employee, profits per employee and assets per employee for each of the firms.

The big news here isn't a change in rankings. Most of the nation's leading employers are the same corporations that were at the top of the roster last year. What is significant, however, is the fact that so many of these firms made it through the recovery year of 1983 by cutting payrolls rather than hiring new workers.

Of 20 firms at the top of the list, for example, 10 have fewer workers now than they did this time last year. Look at Du Pont. Corporate profits were up 26%, and sales were up 6%. But the payroll shrank by 9,000 names. Result: All productivity measures were up smartly.

The numbers at the right of each column give a rough measure of how efficiently each company uses its personnel. But don't be tricked by the peculiarities at either end of these lists. Financial institutions, for example, score unusually high in terms of total assets per employee. No wonder. Theirs is an asset-intensive business. By the same token, labor-intensive businesses like ARA Services and Safeway Stores are near the bottom of the profits-per-employee rankings. Theirs is a people-intensive business.

Productivity comparisons make the most sense when they involve companies in the same basic business. Look, for example, at Dayton-Hudson, a Minnesota department store chain, and Wal-Mart, an Arkansas discounter. The discounter beats the department store chain in terms of per-worker sales and earnings—part of the reason Wal-Mart is a more profitable company. But Wal-Mart comes up short on assets—providing, perhaps, yet another place for founder Sam Walton to make improvements.

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
1	American Tel & Tel	977.3	71.0 (689)	5.9 (444)	153.0 (411)
2	General Motors	691.0	107.9 (481)	5.4 (471)	66.1 (603)
3	Sears,Roebuck	426.8	84.1 (615)	3.0 (607)	108.2 (475)
4	Ford Motor	380.1	117.0 (438)	5.1 (484)	62.8 (624)
5	IBM	367.2	109.4 (471)	14.9 (175)	101.4 (492)
6	General Electric	340.0	78.8 (647)	6.0 (442)	68.5 (594)
7	ITT	280.5	50.5 (780)	2.2 (674)	49.8 (690)
8	K Mart	245.0	75.9 (664)	2.0 (691)	33.4 (752)
9	United Technologies	188.8	77.7 (656)	2.7 (629)	46.2 (699)
10	GTE	187.2	69.2 (704)	5.2 (480)	129.4 (439)
11	Mobil	183.1	298.3 (103)	8.2 (355)	191.6 (387)
12	J C Penney	174.0	69.4 (703)	2.7 (630)	42.7 (715)
13	E I du Pont	162.1	217.0 (184)	7.0 (404)	150.7 (416)
14	Kroger	159.3	95.6 (551)	0.8 (742)	22.0 (799)
15	Safeway Stores	159.3	116.7 (440)	1.2 (730)	26.2 (783)
16	Exxon	156.0	567.7 (29)	31.9 (60)	403.6 (325)
17	PepsiCo	143.5	55.0 (769)	2.0 (695)	32.3 (757)
18	Westinghouse Elec	132.9	71.7 (687)	3.4 (587)	64.5 (616)
19	Goodyear	128.8	75.6 (665)	2.6 (640)	46.5 (696)
20	BellSouth	125.9	84.8 (609)	10.9 (264)	191.3 (388)
21	Eastman Kodak	125.5	81.0 (635)	4.5 (515)	81.0 (545)
22	McDonald's	125.0	24.0 (805)	2.7 (634)	29.8 (768)
23	Federated Dept Strs	124.0	70.1 (698)	2.7 (631)	39.5 (728)
24	NYNEX	118.8	85.4 (605)	8.3 (351)	169.2 (402)
25	Allied Corp	117.8	85.1 (607)	3.5 (578)	64.9 (614)
26	ARA Services	116.0	27.2 (803)	0.5 (749)	12.1 (806)
27	RCA	109.5	82.0 (623)	2.2 (670)	69.9 (585)
28	Marriott	109.3	27.8 (802)	1.1 (735)	22.9 (796)
29	Xerox	107.0	79.1 (645)	4.3 (527)	86.9 (521)
30	F W Woolworth	105.9	51.5 (779)	1.1 (735)	22.3 (798)
31	Bell Atlantic	102.7	86.5 (599)	10.0 (285)	184.3 (393)
32	Pacific Telesis Group	101.9	78.6 (649)	6.6 (421)	186.1 (390)
33	Rockwell Intl	101.5	81.9 (624)	4.0 (547)	52.6 (678)
34	Union Carbide	101.4	88.8 (588)	2.2 (669)	101.6 (491)
35	Ameritech	99.5	90.9 (574)	10.7 (268)	186.1 (390)
36	United States Steel	98.7	170.9 (255)	–11.8 (799)	195.6 (382)
37	Tenneco	96.5	149.7 (309)	7.4 (391)	186.5 (389)
38	Southwestern Bell	94.8	83.4 (618)	9.4 (303)	193.7 (384)

Source: Media General Financial Services, Inc.; Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
39	R J Reynolds Inds	93.8	110.6 (463)	8.9 (329)	105.3 (484)
40	Honeywell	93.8	61.4 (737)	2.5 (646)	49.9 (688)
41	U S WEST	93.5	82.4 (621)	9.6 (297)	185.9 (392)
42	Consolidated Foods	91.2	74.5 (674)	2.0 (694)	29.8 (768)
43	General Dynamics	88.9	80.4 (638)	3.2 (597)	31.9 (760)
44	BankAmerica	88.2	150.8 (306)	4.4 (520)	1,374.4 (105)
45	TRW	86.7	63.3 (730)	2.3 (661)	38.3 (737)
46	Minn Mining & Mfg	86.5	81.3 (631)	7.7 (377)	66.6 (601)
47	Dayton-Hudson	85.5	81.4 (630)	2.8 (622)	41.9 (719)
48	Boeing	84.6	131.5 (359)	4.2 (534)	88.3 (518)
49	Motorola	83.8	51.6 (777)	2.9 (615)	38.6 (734)
50	Chrysler	81.5	162.5 (273)	6.5 (423)	83.1 (540)
51	Household Intl	80.5	98.3 (535)	2.6 (640)	104.9 (485)
52	General Mills	80.5	68.6 (709)	3.1 (601)	39.3 (729)
53	Texas Instruments	80.4	57.0 (760)	–1.8 (771)	33.8 (750)
54	Johnson & Johnson	78.6	76.0 (663)	7.0 (405)	56.8 (655)
55	Halliburton	78.5	70.2 (697)	4.0 (547)	74.4 (563)
56	Beatrice Foods	78.0	121.0 (416)	2.6 (640)	61.4 (629)
57	Dart & Kraft	77.1	125.9 (398)	5.6 (458)	70.2 (580)
58	Borg-Warner	77.1	45.9 (787)	2.4 (654)	33.9 (749)
59	W R Grace	76.6	81.2 (634)	2.1 (681)	65.8 (606)
60	Digital Equipment	75.8	63.7 (728)	3.5 (581)	65.3 (609)
61	Santa Fe Southern	75.3	79.4 (642)	4.4 (521)	151.3 (414)
62	Sperry	74.8	68.9 (705)	2.3 (660)	71.9 (573)
63	Raytheon	74.1	80.2 (639)	4.1 (542)	50.4 (686)
64	Hospital Corp of Am	73.5	43.6 (792)	3.3 (593)	55.6 (661)
65	McDonnell Douglas	73.5	110.4 (464)	3.7 (563)	65.2 (611)
66	Litton Industries	72.1	69.6 (702)	3.4 (587)	59.3 (639)
67	Lockheed	71.0	91.4 (572)	3.7 (563)	39.9 (726)
68	American Brands	70.9	62.6 (731)	5.5 (465)	60.7 (634)
69	Philip Morris	70.0	135.2 (346)	12.9 (208)	138.1 (426)
69	Hewlett-Packard	70.0	70.5 (694)	6.3 (432)	63.5 (620)
69	Trans World	70.0	27.0 (804)	0.9 (741)	21.0 (801)
72	May Dept Stores	69.8	60.6 (740)	2.5 (647)	40.8 (723)
73	American Express	67.2	145.3 (321)	7.7 (377)	654.2 (239)
74	Winn-Dixie Stores	66.5	107.3 (489)	1.7 (712)	17.0 (803)
75	Melville	65.0	60.4 (742)	2.7 (633)	23.0 (795)
76	Lucky Stores	64.5	130.0 (367)	1.6 (719)	26.6 (780)
77	City Investing	63.2	94.1 (555)	2.8 (622)	132.3 (433)
78	Procter & Gamble	63.1	200.2 (207)	14.0 (185)	132.5 (432)
79	Allied Stores	63.0	58.3 (753)	2.0 (691)	38.5 (735)
80	Burroughs	62.9	68.3 (712)	3.1 (601)	65.2 (611)
81	Firestone	62.9	63.6 (729)	1.6 (720)	41.0 (722)
82	NCR	62.5	59.7 (747)	4.6 (510)	57.0 (651)
83	Nabisco Brands	62.4	95.9 (549)	5.2 (480)	58.1 (646)
84	Citicorp	62.2	274.1 (122)	13.8 (192)	2,166.6 (47)
85	General Foods	62.0	138.3 (338)	5.0 (488)	70.1 (583)
86	CSX	61.4	94.3 (553)	4.4 (520)	176.6 (396)
87	American Stores	61.0	130.9 (362)	1.9 (700)	26.7 (779)
88	Esmark	60.0	76.4 (661)	2.1 (682)	55.6 (661)
88	Gulf & Western Inds	60.0	70.0 (700)	5.0 (491)	73.7 (565)
88	Associated Dry Goods	60.0	62.0 (734)	1.9 (700)	33.4 (752)
91	Caterpillar Tractor	58.4	92.9 (563)	–4.9 (782)	119.3 (452)
92	UAL	58.0	103.8 (505)	2.4 (653)	88.5 (517)
92	Carter Hawley Hale	58.0	62.6 (731)	1.2 (730)	35.0 (740)
94	Ralston Purina	57.7	86.1 (601)	4.5 (514)	36.4 (738)
95	Texaco	57.5	696.8 (22)	21.4 (119)	473.0 (300)
96	Standard Oil Indiana	57.3	482.5 (40)	32.6 (59)	450.6 (307)
97	Singer	56.5	43.9 (791)	0.3 (752)	25.1 (788)
98	Pillsbury	56.0	70.5 (694)	3.1 (601)	52.3 (680)
99	Control Data	55.9	81.9 (624)	2.9 (614)	156.9 (410)
100	Dow Chemical	55.6	197.1 (212)	5.3 (477)	215.7 (374)
101	Southland	55.4	153.8 (295)	2.4 (653)	59.8 (637)
102	American Home Prod	54.6	88.9 (585)	11.5 (240)	56.5 (656)
103	Wal-Mart Stores	54.0	86.4 (600)	3.6 (567)	30.6 (763)
104	Burlington Industries	53.0	58.9 (750)	2.1 (685)	41.4 (721)
105	Aetna Life & Cas	52.8	272.7 (123)	6.2 (435)	901.3 (194)
106	Bethlehem Steel	52.8	92.8 (564)	–6.0 (788)	84.4 (534)
107	Monsanto	51.5	122.2 (408)	7.2 (396)	124.7 (447)
108	Interco	51.5	51.6 (777)	2.0 (691)	32.0 (759)
109	Emerson Electric	51.4	70.1 (698)	6.1 (439)	49.1 (692)
110	No American Philips	51.2	74.3 (675)	1.8 (706)	44.0 (708)
111	Atlantic Richfield	50.6	496.5 (38)	30.6 (67)	459.7 (303)
112	Armco	50.0	83.2 (620)	–5.5 (785)	72.1 (571)
113	Natl Medical Entrprs	49.3	38.9 (797)	2.2 (675)	40.2 (724)
114	R H Macy	49.0	78.1 (653)	4.3 (528)	42.9 (714)
115	Signal Cos	48.8	126.0 (397)	2.3 (660)	106.6 (478)
116	Occidental Petroleum	47.3	403.8 (66)	10.1 (283)	248.8 (365)
117	Gulf	47.1	564.4 (31)	18.3 (141)	445.1 (310)
118	Deere	47.1	84.9 (608)	0.6 (748)	126.4 (442)
119	Standard Oil Ohio	46.9	247.3 (151)	36.9 (47)	348.8 (340)
120	Union Pacific	46.9	178.1 (242)	8.8 (333)	217.9 (372)
121	Owens-Illinois	45.3	75.6 (665)	1.8 (706)	64.9 (614)
122	Burlington Northern	45.1	99.9 (525)	9.2 (315)	241.6 (367)
123	Ogden	45.0	38.4 (798)	1.2 (730)	23.4 (791)
124	Teledyne	44.6	66.9 (717)	6.8 (414)	86.5 (524)
125	Levi Strauss	44.5	60.4 (742)	3.8 (558)	39.0 (730)
126	Holiday Inns	43.6	36.3 (799)	2.9 (617)	44.4 (706)
127	Continental Group	43.3	111.3 (459)	4.6 (510)	84.4 (534)
128	Colgate-Palmolive	43.0	113.1 (451)	4.3 (527)	62.0 (627)
128	United Brands	43.0	51.9 (776)	–2.4 (775)	23.4 (791)
130	H J Heinz	42.5	90.4 (575)	5.5 (465)	57.0 (651)
131	AMR	42.0	113.4 (449)	5.4 (471)	112.6 (462)
131	Warner-Lambert	42.0	74.0 (676)	4.8 (502)	69.5 (586)
133	IC Industries	41.9	88.9 (585)	1.8 (706)	95.2 (502)
134	Martin Marietta	41.9	93.2 (561)	3.4 (587)	65.4 (608)
135	CIGNA	41.6	301.9 (99)	9.6 (297)	843.9 (207)
136	Georgia-Pacific	41.5	155.9 (290)	2.5 (645)	120.0 (450)
137	Eaton	41.0	65.2 (720)	2.7 (632)	55.5 (664)
138	Textron	41.0	72.7 (683)	2.2 (671)	51.3 (683)
139	Merrill Lynch	40.9	138.9 (335)	7.7 (377)	638.5 (245)
140	Standard Oil Calif	40.9	668.4 (25)	38.9 (38)	586.9 (261)
141	Pfizer	40.7	92.3 (566)	11.0 (261)	96.8 (499)
142	Humana	40.6	45.5 (788)	4.2 (536)	56.0 (659)
143	Campbell Soup	40.5	85.9 (602)	4.4 (520)	53.6 (674)
144	Weyerhaeuser	40.4	120.9 (417)	5.1 (484)	147.2 (419)
145	Coca-Cola	40.3	169.5 (257)	13.9 (190)	129.7 (438)
146	Dresser Industries	40.3	85.3 (606)	0.5 (749)	79.0 (551)
147	Great Atl & Pac Tea	40.0	130.6 (364)	0.8 (742)	28.5 (774)
148	Sun Company	39.6	371.8 (71)	15.5 (163)	314.6 (353)

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
149	American Cyanamid	39.5	89.6 (580)	4.2 (534)	77.5 (555)
150	Champion Intl	39.3	108.6 (476)	2.1 (680)	91.1 (510)
151	Alcoa	39.1	134.6 (349)	4.2 (534)	160.3 (407)
152	Allegheny Intl	38.9	60.4 (742)	–0.1 (759)	49.9 (688)
153	Anheuser-Busch Cos	38.7	155.8 (291)	9.0 (326)	111.8 (464)
154	Fluor	38.6	130.6 (364)	2.1 (680)	105.8 (482)
155	Avon Products	38.6	77.7 (656)	4.3 (529)	59.2 (640)
156	American Standard	38.6	56.6 (762)	1.6 (721)	42.1 (718)
157	Eastern Air Lines	38.2	103.3 (509)	–8.0 (794)	98.5 (496)
158	CPC International	38.1	105.1 (502)	5.0 (488)	65.1 (613)
159	Kidde	38.0	54.0 (774)	1.9 (701)	44.4 (706)
160	Combustion Eng	37.9	81.5 (629)	2.0 (691)	68.1 (598)
161	Intl Harvester	37.9	102.0 (512)	–8.6 (796)	84.9 (532)
162	Natl Semiconductor	37.8	39.8 (795)	1.2 (730)	28.7 (773)
163	Norfolk Southern	37.7	83.4 (618)	8.4 (345)	216.6 (373)
164	Delta Air Lines	37.5	103.6 (508)	–0.4 (761)	86.2 (526)
165	Jewel Cos	37.1	154.5 (294)	2.2 (669)	42.2 (717)
166	Chase Manhattan	37.0	230.2 (166)	11.6 (238)	2,212.9 (46)
167	Celanese	37.0	88.1 (592)	3.0 (607)	77.5 (555)
168	PPG Industries	37.0	99.6 (528)	6.6 (421)	97.8 (497)
169	Northrop	36.4	89.7 (578)	2.8 (622)	43.9 (711)
170	Zayre	36.0	72.6 (684)	1.7 (712)	25.2 (786)
171	Penn Central	36.0	70.6 (692)	3.7 (563)	79.9 (547)
172	Shell Oil	35.8	549.0 (34)	45.6 (30)	618.5 (250)
173	Bristol-Myers	35.7	109.7 (467)	11.4 (245)	84.2 (536)
174	Castle & Cooke	35.5	46.2 (785)	1.0 (739)	30.4 (765)
175	IU International	35.0	58.3 (753)	1.0 (739)	33.0 (754)
176	J P Stevens	34.6	59.0 (748)	0.7 (745)	33.6 (751)
177	LTV	34.0	134.8 (347)	–7.0 (790)	129.8 (437)
178	International Paper	33.7	129.5 (370)	6.3 (432)	166.9 (403)
179	Greyhound	33.6	63.8 (727)	2.1 (684)	58.4 (644)
180	Ingersoll-Rand	33.6	67.7 (714)	–0.8 (765)	68.8 (591)
181	Kimberly-Clark	33.3	98.3 (534)	5.7 (453)	87.2 (520)
182	Abbott Laboratories	33.2	88.1 (592)	10.5 (272)	85.0 (530)
183	Amer Hospital Supply	33.2	99.7 (527)	6.4 (428)	68.7 (592)
184	Albertson's	33.0	129.7 (368)	2.1 (680)	28.4 (775)
184	Supermarkets General	33.0	106.6 (495)	1.2 (730)	22.8 (797)
184	Gen Tire & Rubber	33.0	66.2 (718)	2.1 (683)	56.1 (658)
187	Borden	32.6	130.8 (363)	4.9 (496)	83.5 (539)
188	Wendy's International	32.5	22.0 (806)	1.7 (714)	15.6 (804)
189	Baxter Travenol Labs	32.3	57.0 (760)	6.7 (419)	65.8 (606)
190	Merck	32.3	100.5 (523)	14.0 (185)	130.5 (435)
191	FMC	32.2	108.6 (476)	5.2 (480)	86.4 (525)
192	Hilton Hotels	32.0	21.3 (807)	2.7 (635)	34.4 (742)
193	Dana	31.8	90.2 (576)	3.4 (587)	66.0 (604)
194	First Interstate Bancp	31.7	136.9 (341)	7.8 (374)	1,400.5 (102)
195	Walgreen	31.7	77.3 (659)	2.3 (660)	25.2 (786)
196	CBS	31.6	141.1 (329)	5.9 (444)	94.6 (504)
197	Tandy	31.5	84.5 (613)	9.3 (310)	34.2 (744)
198	Stop & Shop Cos	31.5	88.7 (589)	1.6 (719)	25.8 (785)
199	Wickes Cos	31.4	91.6 (571)	0.3 (752)	30.5 (764)
200	Jack Eckerd	31.3	79.4 (642)	2.6 (640)	33.0 (754)
201	Revlon	31.2	76.2 (662)	3.5 (579)	71.0 (576)
202	Amer Medical Intl	31.0	44.7 (790)	3.5 (582)	55.0 (668)
203	SmithKline Beckman	30.9	91.8 (570)	15.7 (158)	102.7 (488)
204	Cooper Industries	30.4	60.8 (738)	2.3 (662)	64.1 (617)
205	Southern Company	30.4	178.3 (240)	19.2 (131)	494.9 (293)
206	Loews	30.0	156.4 (288)	8.4 (346)	383.7 (331)
207	Ashland Oil	29.8	263.0 (136)	3.2 (597)	136.3 (427)
207	American Can	29.8	112.3 (454)	3.3 (593)	95.0 (503)
207	Gillette	29.8	73.3 (682)	4.9 (496)	56.9 (653)
210	B F Goodrich	29.7	107.3 (489)	0.5 (749)	86.6 (523)
211	Northwest Industries	29.6	54.3 (772)	0.2 (755)	61.2 (631)
212	Emhart	29.4	57.4 (758)	2.9 (614)	34.7 (741)
213	Eli Lilly	29.3	103.7 (506)	15.6 (161)	116.7 (456)
214	Travelers	29.1	412.1 (59)	11.8 (234)	1,128.9 (155)
215	Phillips Petroleum	29.0	525.8 (35)	24.9 (98)	451.5 (306)
215	Walt Disney	29.0	46.2 (785)	2.9 (616)	85.0 (530)
217	Transamerica	28.8	162.5 (273)	6.1 (439)	380.3 (333)
218	Inland Steel	28.7	106.1 (497)	–1.8 (771)	91.5 (509)
219	McGraw-Edison	28.5	73.5 (681)	1.1 (735)	53.3 (677)
220	Pan Am World Air	28.5	133.2 (353)	–2.1 (773)	102.3 (490)
221	Corning Glass Works	28.3	56.2 (765)	2.1 (686)	62.7 (625)
222	United Telecom	28.3	88.8 (587)	8.2 (355)	175.0 (398)
223	Reynolds Metals	28.2	118.5 (427)	–1.0 (767)	116.8 (455)
224	Mfrs Hanover	28.1	235.1 (163)	12.0 (229)	2,292.7 (42)
225	Grumman	28.1	79.2 (644)	3.9 (554)	38.8 (732)
226	Brown Group	28.0	54.6 (771)	2.5 (648)	23.1 (794)
226	Blue Bell	28.0	43.4 (793)	1.8 (707)	23.4 (791)
228	Boise Cascade	28.0	123.4 (405)	2.2 (669)	101.4 (492)
229	Times Mirror	27.7	89.3 (583)	6.5 (423)	85.9 (527)
230	Trans World Airlines	27.5	122.0 (410)	–1.3 (769)	99.6 (495)
231	Zenith Radio	27.0	50.4 (781)	1.7 (713)	27.4 (776)
232	Pacific Gas & Electric	26.6	249.5 (149)	29.6 (73)	552.6 (273)
233	Amfac	26.6	84.7 (612)	–0.8 (765)	54.1 (672)
234	Gannett	26.5	64.3 (725)	7.2 (396)	63.8 (618)
235	Wang Laboratories	26.5	67.7 (714)	6.8 (413)	72.4 (569)
236	Pitney Bowes	26.5	60.7 (739)	4.4 (522)	55.6 (661)
237	Quaker Oats	26.2	111.3 (459)	5.1 (484)	62.1 (626)
238	Avco	26.0	107.8 (483)	4.0 (548)	245.4 (366)
239	St Regis Paper	26.0	106.7 (494)	2.1 (680)	110.8 (466)
239	Dun & Bradstreet	26.0	58.1 (755)	5.5 (465)	45.6 (701)
241	General Instrument	25.6	34.8 (800)	2.0 (691)	32.3 (757)
242	Republic Steel	25.3	107.0 (491)	–7.7 (791)	113.9 (460)
243	Harris Corp	25.2	58.4 (752)	2.2 (673)	62.9 (623)
244	Schering-Plough	25.2	71.9 (686)	7.1 (399)	95.3 (501)
245	American Motors	25.1	130.3 (366)	–10.3 (798)	68.7 (592)
246	United States Shoe	25.0	57.1 (759)	2.8 (623)	27.1 (777)
247	American Elec Power	24.7	176.7 (247)	17.3 (146)	519.1 (284)
248	Fruehauf	24.5	87.1 (596)	0.3 (752)	65.3 (609)
249	Hercules	24.3	108.0 (480)	6.2 (435)	89.4 (514)
250	Super Valu Stores	24.1	238.5 (160)	3.1 (601)	44.0 (708)
251	American Intl Group	24.0	166.5 (264)	17.8 (144)	439.8 (312)
252	Squibb	23.9	74.0 (676)	7.3 (394)	81.4 (544)
253	Sterling Drug	23.8	80.0 (640)	5.8 (449)	61.9 (628)
254	General Signal	23.3	67.6 (716)	3.9 (554)	56.4 (657)
255	Baker International	23.0	77.6 (658)	2.4 (653)	94.0 (505)
256	White Consolidated	23.0	89.5 (581)	2.3 (660)	57.2 (649)
257	Owens-Corning Fbrgls	22.8	120.9 (417)	3.5 (576)	72.0 (572)
258	SCM	22.7	77.8 (655)	1.3 (728)	48.9 (693)

Source: Media General Financial Services, Inc. Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
259	VF	22.7	48.5 (783)	5.3 (477)	25.0 (789)
260	Security Pacific	22.5	191.9 (223)	11.7 (235)	1,792.6 (67)
261	Consolidated Edison	22.4	246.4 (152)	25.7 (93)	368.4 (334)
262	Revco D S	22.3	89.7 (578)	3.5 (576)	30.3 (766)
263	Crown Zellerbach	22.2	121.9 (411)	4.0 (547)	108.5 (474)
264	Morrison-Knudsen	22.1	98.1 (537)	1.9 (700)	38.9 (731)
265	Warner Comm	21.9	156.6 (287)	–19.1 (803)	142.7 (422)
266	Continental Telecom	21.8	96.2 (546)	7.9 (368)	193.5 (385)
267	Chesebrough-Pond's	21.6	78.2 (652)	5.9 (444)	54.4 (671)
268	A C Nielsen	21.5	32.0 (801)	2.4 (655)	24.3 (790)
269	West Point-Pepperell	21.5	60.5 (741)	2.8 (622)	34.4 (742)
270	Knight-Ridder News	21.5	68.6 (709)	5.6 (459)	54.9 (669)
271	Ryder Systems	21.4	111.3 (459)	4.7 (504)	105.4 (483)
272	Colt Industries	21.4	73.8 (678)	4.7 (504)	55.1 (667)
273	Upjohn	21.3	93.2 (561)	7.5 (388)	103.1 (487)
274	Square D	21.2	54.1 (773)	2.8 (624)	44.7 (704)
275	Carnation	21.1	159.5 (282)	9.2 (315)	82.9 (541)
276	Tektronix	20.9	57.9 (756)	2.3 (663)	53.6 (674)
277	Whirlpool	20.8	128.3 (380)	7.8 (374)	70.5 (578)
278	Uniroyal	20.7	98.5 (533)	2.5 (645)	71.7 (575)
279	Duke Power	20.6	117.4 (434)	20.9 (124)	357.9 (338)
280	Johnson Controls	20.6	64.3 (725)	3.0 (609)	46.9 (695)
281	Manville	20.6	84.1 (615)	2.9 (614)	109.6 (469)
282	AMP	20.5	73.8 (678)	7.9 (369)	60.3 (635)
283	Intel	20.5	54.9 (770)	5.7 (453)	82.1 (543)
284	Lear Siegler	20.4	74.8 (673)	3.6 (567)	42.5 (716)
285	ENSERCH	20.3	172.2 (252)	3.4 (587)	160.2 (408)
286	Gould	20.3	65.2 (720)	3.9 (554)	73.2 (566)
287	Sherwin-Williams	20.2	97.6 (539)	2.5 (645)	46.5 (696)
288	Norton	20.2	55.8 (766)	1.4 (727)	51.6 (682)
289	Unocal	20.2	499.0 (37)	31.0 (65)	457.5 (305)
290	Becton, Dickinson	20.2	55.6 (768)	3.6 (571)	53.4 (676)
291	Mercantile Stores	20.0	81.3 (631)	4.2 (535)	46.5 (696)
292	Armstrong World Ind	19.8	72.6 (684)	3.2 (597)	48.2 (694)
293	James River Corp Va	19.8	106.5 (496)	4.3 (527)	69.3 (588)
294	National Intergroup	19.7	151.9 (305)	–6.1 (789)	134.5 (429)
295	Chemical New York	19.5	251.4 (145)	15.7 (158)	2,623.8 (34)
296	Jim Walter	19.4	107.9 (481)	4.1 (542)	136.0 (428)
297	Federal Express	19.1	62.4 (733)	5.6 (460)	58.9 (641)
298	EG&G	19.0	47.5 (784)	2.4 (653)	17.8 (802)
299	SCOA Industries	19.0	68.7 (707)	2.2 (672)	26.4 (781)
300	Parker-Hannifin	19.0	58.6 (751)	2.3 (664)	41.7 (720)
301	Kellogg	18.8	126.7 (391)	12.9 (208)	78.1 (552)
302	Cummins Engine	18.8	85.5 (603)	1.3 (728)	67.0 (600)
303	Tribune	18.7	84.8 (609)	3.8 (558)	87.5 (519)
304	Brunswick	18.6	65.4 (719)	3.6 (569)	43.9 (711)
305	Roadway Services	18.5	67.9 (713)	5.4 (471)	44.0 (708)
306	ConAgra	18.2	136.8 (342)	2.9 (614)	71.0 (576)
307	Continental Corp	18.0	219.3 (179)	0.8 (742)	515.5 (285)
307	Best Products	18.0	115.6 (444)	2.1 (680)	—79.1 (549)
309	Olin	17.9	108.4 (478)	4.0 (547)	102.5 (489)
310	Scott Paper	17.8	138.5 (337)	6.9 (410)	153.0 (411)
310	American Greetings	17.8	45.2 (789)	3.1 (602)	38.4 (736)
312	Air Prods & Chems	17.8	93.4 (559)	6.5 (423)	126.8 (441)
313	Commonwealth Ed	17.5	265.6 (132)	46.0 (28)	862.3 (204)
313	Mead	17.5	135.6 (345)	1.7 (712)	119.6 (451)
315	Consol Freightways	17.4	77.9 (654)	3.8 (558)	56.9 (653)
316	Marsh & McLennan	17.4	55.8 (766)	7.1 (399)	44.9 (702)
317	Allis-Chalmers	17.3	75.1 (668)	–7.7 (791)	60.9 (632)
318	Morton Thiokol	17.3	105.8 (498)	5.7 (453)	68.4 (596)
319	Kaiser Alum & Chem	17.2	166.1 (267)	–5.7 (787)	203.8 (378)
320	Time Inc	17.1	158.9 (283)	8.4 (345)	132.9 (431)
321	Whittaker	17.1	94.0 (556)	2.2 (669)	57.1 (650)
322	National Svc Inds	16.9	59.0 (748)	3.4 (588)	29.5 (770)
323	Waste Management	16.9	61.7 (736)	7.1 (399)	79.4 (548)
324	Union Camp	16.8	100.7 (521)	7.9 (368)	142.1 (424)
325	Wells Fargo	16.7	179.0 (239)	9.3 (307)	1,622.7 (73)
326	Timken	16.6	56.3 (764)	3.0 (607)	66.6 (601)
327	R R Donnelley	16.5	93.7 (558)	6.9 (410)	73.0 (567)
328	Norwest	16.5	140.9 (330)	7.6 (382)	1,206.1 (141)
329	Anderson, Clayton	16.4	85.5 (603)	1.7 (712)	28.8 (772)
330	Texas Utilities	16.3	213.7 (189)	28.3 (80)	537.9 (279)
331	Auto Data Processing	16.3	50.1 (782)	4.2 (537)	43.2 (713)
332	MCA	16.3	97.5 (540)	9.1 (320)	108.8 (471)
333	United States Gypsum	16.1	100.1 (524)	5.0 (489)	74.2 (564)
333	Leaseway Transportn	16.1	78.7 (648)	2.3 (660)	56.0 (659)
335	Southern Calif Edison	16.0	278.2 (116)	43.1 (33)	703.8 (233)
336	Alco Standard	15.7	187.7 (232)	3.8 (558)	69.3 (588)
337	Browning-Ferris Inds	15.5	56.4 (763)	5.4 (472)	50.8 (684)
338	Giant Food	15.4	127.1 (388)	2.6 (640)	32.5 (756)
339	Libbey-Owens-Ford	15.2	76.9 (660)	2.7 (629)	55.2 (666)
340	Black & Decker	15.1	81.3 (631)	2.7 (629)	69.5 (586)
341	Data General	15.0	5 7 (757)	1.9 (700)	58.9 (641)
342	Rite Aid	15.0	95.3 (552)	3.7 (563)	34.0 (746)
343	Service Merchandise	15.0	97.2 (543)	3.0 (608)	50.4 (686)
344	Crocker National	14.9	171.8 (254)	–0.7 (763)	1,570.0 (75)
345	Kemper	14.9	149.6 (310)	4.6 (510)	460.5 (302)
346	Westvaco	14.8	105.4 (499)	5.0 (488)	108.6 (472)
347	NL Industries	14.8	94.0 (556)	–1.3 (769)	130.3 (436)
348	Western Union	14.7	71.0 (689)	–4.0 (780)	144.3 (421)
349	E F Hutton Group	14.6	148.8 (311)	7.6 (382)	901.7 (193)
350	Koppers	14.5	107.8 (483)	1.6 (719)	81.0 (545)
351	Foster Wheeler	14.4	107.0 (491)	3.1 (601)	63.1 (622)
351	Limited	14.4	75.4 (667)	4.9 (496)	26.2 (783)
353	Republic Airlines	14.3	105.4 (499)	–7.7 (791)	77.3 (557)
354	Perkin-Elmer	14.2	74.9 (671)	3.6 (567)	63.2 (621)
355	Polaroid	14.2	88.3 (591)	3.5 (577)	92.9 (506)
356	Hughes Tool	14.1	82.1 (622)	–2.6 (777)	148.8 (418)
357	Bank of Boston	14.0	185.7 (234)	9.7 (295)	1,395.6 (103)
357	Thrifty Corp	14.0	87.0 (597)	1.6 (719)	34.2 (744)
359	Northwest Airlines	14.0	157.2 (285)	3.6 (567)	114.7 (459)
360	McGraw-Hill	14.0	92.8 (564)	9.1 (320)	75.4 (561)
361	Hershey Foods	14.0	122.3 (407)	7.2 (396)	70.5 (578)
362	Stanley Works	13.9	70.6 (692)	3.6 (568)	50.5 (685)
363	American General	13.8	286.0 (112)	21.0 (122)	1,089.4 (165)
364	Amer Broadcasting	13.8	213.8 (188)	11.6 (238)	152.0 (413)
365	Toys 'R' Us	13.7	96.7 (545)	6.8 (413)	60.1 (636)
366	Centel	13.6	93.4 (559)	8.3 (351)	172.7 (399)
367	Ethyl	13.5	129.3 (372)	8.5 (342)	111.9 (463)
368	Middle South Utils	13.4	217.1 (183)	28.2 (82)	828.2 (209)

Source: Media General Financial Services, Inc. Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
369	So New England Tel	13.4	88.5 (590)	9.0 (326)	159.3 (409)
370	AMAX	13.3	172.2 (252)	–36.8 (808)	334.4 (349)
371	Electronic Data Syst	13.3	52.4 (775)	4.9 (497)	34.0 (746)
372	Sundstrand	13.3	68.6 (709)	3.9 (554)	69.2 (590)
373	Pub Svc Elec & Gas	13.2	300.2 (100)	29.5 (75)	648.8 (242)
374	Beneficial Corp	13.1	120.8 (419)	8.1 (358)	512.7 (286)
374	Varian Associates	13.1	60.4 (742)	3.6 (570)	45.8 (700)
376	Evans Products	13.0	104.0 (505)	–4.9 (782)	67.1 (600)
376	Federal Co	13.0	89.8 (577)	1.9 (700)	26.8 (778)
376	Louisiana-Pacific	13.0	84.8 (611)	1.8 (706)	97.3 (498)
379	Consumers Power	13.0	229.4 (169)	26.8 (88)	653.4 (240)
380	Dover	12.9	78.3 (651)	6.0 (442)	54.6 (670)
381	Crown Cork & Seal	12.9	100.7 (521)	4.0 (549)	63.7 (619)
382	J P Morgan	12.8	449.0 (50)	35.8 (51)	4,519.6 (12)
383	Pittston	12.8	96.0 (548)	–5.6 (786)	82.8 (542)
384	Florida Power & Light	12.8	261.9 (137)	24.5 (101)	603.2 (258)
384	First Natl Supermkts	12.8	97.3 (542)	0.1 (757)	21.2 (800)
386	Dominion Resources	12.7	206.2 (202)	21.0 (122)	607.3 (257)
387	Lincoln National	12.7	308.1 (93)	13.3 (200)	875.8 (199)
388	G D Searle	12.6	75.1 (668)	8.7 (336)	106.6 (478)
389	General Public Utils	12.6	197.3 (210)	5.3 (477)	424.3 (317)
390	Continental Illinois	12.6	348.8 (78)	8.1 (358)	3,351.7 (24)
391	General Cinema	12.5	73.6 (680)	4.7 (505)	53.9 (673)
392	Gr Northern Nekoosa	12.4	126.2 (395)	6.8 (413)	146.6 (420)
393	Genuine Parts	12.4	167.2 (262)	8.4 (345)	70.2 (580)
394	Texas Air	12.3	101.2 (516)	–14.4 (801)	95.7 (500)
395	Petrolane	12.2	78.6 (649)	–3.3 (778)	68.3 (597)
396	McKesson	12.2	357.8 (76)	5.7 (453)	118.6 (453)
396	Hammermill Paper	12.2	133.0 (355)	2.7 (629)	84.5 (533)
396	Farmers Group	12.2	64.7 (723)	11.3 (251)	172.1 (400)
399	Diamond Shamrock	12.1	332.1 (83)	9.4 (303)	497.0 (292)
400	E-Systems	12.0	68.7 (707)	4.1 (542)	30.8 (762)
401	Columbia Gas System	12.0	423.2 (55)	15.9 (156)	436.5 (313)
401	Fischbach	12.0	107.7 (485)	2.0 (693)	39.8 (727)
401	Tiger International	12.0	104.2 (504)	–8.0 (794)	92.8 (507)
404	National Distillers	12.0	189.7 (229)	5.6 (458)	165.1 (404)
405	Mellon National	11.9	211.0 (195)	15.4 (164)	2,214.0 (45)
406	Bankers Trust N Y	11.8	327.0 (86)	21.6 (114)	3,395.9 (23)
407	Fleming Cos	11.6	421.0 (57)	3.6 (567)	58.3 (645)
408	Mack Trucks	11.6	105.4 (499)	–2.3 (774)	84.2 (536)
409	Advanced Micro Dvcs	11.5	42.3 (794)	4.1 (542)	35.9 (739)
410	Masco	11.5	92.1 (568)	9.3 (309)	110.6 (468)
411	USAir Group	11.5	124.8 (402)	7.0 (403)	114.9 (458)
412	Rohm & Haas	11.5	163.7 (271)	12.0 (229)	131.9 (434)
413	Am Natural Resources	11.3	297.4 (104)	15.2 (170)	349.8 (339)
414	First Chicago	11.2	326.7 (87)	16.3 (153)	3,229.3 (26)
415	Detroit Edison	11.1	207.2 (201)	32.7 (58)	735.3 (225)
416	Marine Midland Banks	11.1	193.7 (219)	9.1 (320)	2,054.6 (51)
417	Pay'N Save	11.0	111.0 (462)	2.7 (629)	44.6 (705)
418	Houston Industries	11.0	363.0 (74)	27.6 (84)	597.8 (259)
419	Richardson-Vicks	10.9	111.8 (456)	4.5 (514)	90.6 (511)
420	Houston Natural Gas	10.8	276.5 (118)	17.3 (146)	291.1 (360)
421	Pacific Lighting	10.7	429.9 (54)	14.7 (178)	348.6 (341)
422	National Can	10.5	156.3 (289)	3.5 (576)	76.7 (559)
423	Niagara Mohawk Pwr	10.5	250.7 (146)	29.8 (71)	510.2 (287)
424	Stauffer Chemical	10.5	126.4 (394)	–0.3 (760)	202.0 (379)
425	Philadelphia Electric	10.4	250.3 (147)	37.5 (44)	785.1 (218)
426	Fleetwood Enterprises	10.3	127.4 (387)	5.6 (458)	31.8 (761)
427	InterNorth	10.2	490.8 (39)	22.7 (108)	492.1 (294)
428	Safeco	10.1	163.5 (272)	13.3 (200)	339.8 (347)
429	Deluxe Check Printers	10.0	61.8 (735)	7.6 (383)	40.2 (724)
430	Temple-Inland	10.0	117.6 (432)	4.8 (502)	120.9 (449)
430	Weis Markets	10.0	89.2 (584)	5.0 (488)	34.0 (746)
432	St Paul Cos	10.0	232.4 (164)	12.7 (215)	560.0 (271)
433	Paine Webber	9.9	153.8 (295)	7.0 (403)	837.8 (208)
434	ASARCO	9.9	152.7 (302)	5.9 (444)	225.0 (369)
435	Tecumseh Products	9.8	84.4 (614)	5.6 (458)	52.5 (679)
436	First Bank System	9.8	196.6 (213)	13.2 (203)	2,128.6 (49)
437	InterFirst	9.7	222.7 (177)	–17.8 (802)	2,251.7 (44)
438	Fort Howard Paper	9.6	81.6 (628)	11.1 (256)	124.5 (448)
439	Kerr-McGee	9.6	364.4 (72)	15.1 (173)	395.4 (326)
440	Irving Bank	9.6	191.3 (225)	9.6 (297)	1,936.1 (60)
441	Barnett Banks Fla	9.4	104.8 (503)	8.7 (336)	996.8 (182)
442	Food Lion	9.4	125.1 (399)	3.0 (607)	29.3 (771)
443	Pneumo	9.3	132.3 (357)	4.2 (534)	52.1 (681)
444	Cincinnati Milacron	9.3	60.2 (746)	–1.1 (768)	67.7 (599)
445	Pacific Power & Light	9.2	173.9 (250)	30.1 (69)	484.2 (297)
446	USF&G	9.2	260.7 (138)	18.7 (137)	576.7 (266)
447	Baltimore Gas & Elec	9.1	179.3 (238)	23.7 (107)	416.9 (320)
448	M/A-Com	9.1	71.7 (687)	3.5 (580)	72.4 (569)
449	Central & South West	9.0	289.4 (111)	29.6 (73)	633.2 (248)
450	Adolph Coors	9.0	123.7 (403)	9.9 (289)	128.7 (440)
451	Northeast Utilities	8.8	214.1 (187)	25.1 (96)	524.5 (282)
452	Pennzoil	8.8	263.8 (135)	18.7 (137)	408.0 (323)
453	Wilson Foods	8.7	239.7 (157)	–5.1 (784)	30.3 (766)
454	First City Bancorp	8.7	187.2 (233)	5.7 (453)	1,989.3 (56)
455	Carolina Power & Lt	8.7	189.9 (228)	27.6 (84)	610.4 (254)
456	New York Times	8.6	126.2 (395)	8.1 (360)	89.5 (513)
456	Northeast Savings	8.6	39.0 (796)	–0.5 (762)	389.9 (328)
458	Sanders Associates	8.6	74.9 (671)	4.9 (496)	55.3 (665)
459	Raychem	8.6	70.3 (696)	3.3 (593)	58.9 (641)
460	Archer Daniels	8.5	457.5 (46)	13.0 (207)	300.1 (357)
461	Intl Minerals & Chem	8.4	177.3 (245)	10.0 (285)	235.2 (368)
462	GATX	8.4	101.0 (517)	1.8 (706)	301.3 (355)
463	Bank of New York	8.4	159.7 (281)	10.8 (266)	1,525.7 (80)
464	Gelco	8.4	108.1 (479)	–0.7 (763)	295.5 (359)
465	Capital Holding	8.3	191.5 (224)	15.0 (174)	579.4 (264)
466	Sovran Financial	8.2	98.6 (532)	7.6 (382)	873.2 (200)
467	Longs Drug Stores	8.2	148.1 (314)	4.4 (520)	38.8 (732)
468	Penn Power & Light	8.2	152.5 (304)	36.2 (48)	739.1 (224)
469	Central Soya	8.2	193.1 (221)	2.9 (614)	77.9 (553)
470	Avnet	8.2	168.7 (259)	8.1 (359)	104.0 (486)
470	American Natl Ins	8.2	92.2 (567)	11.5 (240)	420.7 (319)
472	RepublicBank	8.1	211.3 (194)	14.7 (178)	2,343.3 (41)
473	Texas Commerce Bshs	8.1	205.4 (204)	21.8 (111)	2,400.8 (38)
474	Amerada Hess	8.1	1,035.0 (9)	25.4 (94)	769.3 (220)
475	Carteret Savings	8.1	64.7 (723)	1.5 (726)	544.1 (277)
476	PACCAR	8.1	175.1 (249)	4.6 (510)	111.0 (465)
477	Malone & Hyde	8.0	335.2 (81)	4.7 (504)	60.8 (633)
478	Witco Chemical	8.0	173.7 (251)	6.5 (423)	91.9 (508)

Source: Media General Financial Services, Inc./ Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
479	Lowe's Companies	7.9	181.1 (237)	6.4 (428)	66.0 (604)
480	Eastern Gas & Fuel	7.9	152.8 (301)	5.4 (471)	161.3 (405)
481	Ohio Edison	7.8	194.5 (217)	34.9 (53)	757.6 (223)
482	NCNB	7.7	162.5 (273)	12.0 (229)	1,661.2 (71)
483	Payless Cashways	7.7	118.5 (427)	4.4 (520)	57.3 (648)
484	Sysco	7.7	276.4 (119)	5.5 (465)	72.6 (568)
485	Chubb	7.7	230.2 (166)	11.0 (261)	462.7 (301)
486	Wetterau	7.6	338.1 (80)	2.8 (622)	57.5 (647)
487	Capital Cities Comm	7.6	100.8 (520)	15.2 (170)	139.2 (425)
488	Northern States Pwr	7.5	224.8 (174)	24.4 (102)	450.2 (308)
489	Consol Natural Gas	7.5	458.3 (44)	21.7 (113)	446.7 (309)
490	Sun Banks	7.5	79.5 (641)	6.2 (435)	1,191.4 (146)
491	Combined Intl	7.4	167.8 (261)	17.8 (144)	341.6 (346)
492	Cabot	7.4	214.8 (186)	8.4 (345)	180.7 (395)
493	Arizona Public Service	7.3	146.2 (318)	36.1 (49)	597.2 (260)
494	ROLM	7.3	75.0 (670)	4.7 (504)	110.8 (466)
495	Union Electric	7.3	192.2 (222)	37.9 (41)	714.0 (231)
496	Panhandle Eastern	7.2	472.9 (42)	24.7 (100)	721.3 (229)
497	MCI Communications	7.2	211.4 (193)	28.2 (82)	486.3 (296)
498	Williams Cos	7.2	303.1 (98)	7.6 (382)	655.4 (238)
498	Michigan National	7.2	109.0 (474)	2.2 (669)	963.8 (188)
500	Engelhard	7.1	295.7 (105)	10.4 (274)	125.3 (444)
501	Flickinger	7.1	210.5 (196)	1.7 (712)	26.4 (781)
502	Waldbaum	7.0	226.7 (171)	2.0 (692)	44.9 (702)
502	Cox Communications	7.0	87.8 (595)	11.1 (255)	134.3 (430)
504	Newmont Mining	7.0	103.7 (506)	7.6 (382)	300.9 (356)
505	George A Hormel	6.9	209.1 (197)	4.9 (496)	74.6 (562)
506	Public Service Colo	6.8	238.6 (159)	15.6 (161)	390.4 (327)
507	Valley National	6.8	120.0 (420)	6.8 (413)	1,200.9 (142)
508	Southeast Banking	6.8	127.9 (384)	8.0 (365)	1,311.2 (117)
509	NBD Bancorp	6.8	170.2 (256)	12.1 (226)	1,958.4 (57)
510	Phibro-Salomon	6.7	4,441.0 (2)	70.1 (12)	6,271.2 (6)
511	Mercantile Texas	6.6	168.1 (260)	15.2 (170)	1,794.3 (66)
512	SONAT	6.6	407.1 (62)	31.8 (62)	488.2 (295)
513	Superior Oil	6.6	272.1 (124)	26.0 (91)	799.2 (216)
514	H F Ahmanson	6.5	338.6 (79)	16.5 (150)	3,094.6 (27)
515	Metromedia	6.5	81.9 (624)	5.0 (488)	201.4 (380)
516	Wachovia	6.4	121.4 (414)	13.1 (205)	1,219.1 (137)
517	PNC Financial	6.4	191.2 (226)	18.4 (139)	1,921.7 (62)
518	Torchmark	6.4	178.3 (240)	15.4 (164)	506.2 (288)
519	MAPCO	6.4	324.9 (89)	7.9 (368)	258.3 (363)
520	Texas Eastern	6.4	849.3 (15)	24.3 (104)	731.4 (226)
521	No Indiana Pub Svc	6.3	309.1 (92)	21.8 (111)	584.0 (262)
522	Swift Independent	6.2	421.3 (56)	3.5 (576)	49.2 (691)
523	Wometco Enterprises	6.2	83.5 (617)	5.0 (490)	85.8 (528)
524	ALLTEL	6.2	98.2 (536)	8.9 (329)	222.0 (370)
525	Wisconsin Elec Pwr	6.2	230.2 (166)	24.4 (102)	404.6 (324)
526	Dow Jones	6.1	142.4 (327)	18.8 (135)	115.1 (457)
527	ServiceMaster Inds	6.1	115.3 (446)	4.2 (534)	15.6 (804)
528	Jefferson-Pilot	6.0	153.7 (297)	16.5 (150)	546.8 (274)
529	Long Island Lighting	6.0	299.0 (102)	61.0 (16)	1,068.5 (169)
530	Coastal Corp	6.0	998.3 (12)	15.3 (167)	558.9 (272)
531	G Heileman Brewing	6.0	193.4 (220)	9.6 (297)	89.1 (516)
532	Banc One	5.9	125.1 (399)	14.0 (185)	1,224.2 (134)
533	Murphy Oil	5.9	404.4 (65)	22.3 (109)	475.4 (298)
534	Vulcan Materials	5.9	139.9 (332)	9.2 (315)	125.2 (445)
535	Allegheny Power	5.8	294.9 (106)	29.0 (78)	609.1 (256)
536	Washington National	5.8	141.7 (328)	3.8 (558)	577.3 (265)
537	Amdahl	5.8	134.1 (351)	7.5 (388)	124.8 (446)
538	W W Grainger	5.8	152.7 (302)	9.0 (326)	107.1 (477)
539	Citizens & South Ga	5.7	119.1 (424)	10.1 (283)	1,207.7 (140)
540	A H Robins	5.7	98.9 (531)	10.2 (280)	89.4 (514)
541	NICOR	5.7	395.9 (69)	8.8 (333)	475.1 (299)
542	Prime Computer	5.6	91.9 (569)	5.8 (449)	79.1 (549)
543	Clorox	5.6	167.0 (263)	12.6 (218)	112.7 (461)
544	CoreStates Financial	5.6	161.3 (278)	14.9 (175)	1,545.0 (79)
545	BancOhio	5.5	109.8 (466)	3.3 (593)	1,095.5 (163)
546	U S Bancorp	5.5	119.1 (424)	9.5 (301)	1,186.7 (147)
547	Gt Western Financial	5.5	364.1 (73)	13.5 (198)	3,408.8 (21)
548	CBT	5.4	107.7 (485)	7.1 (399)	1,118.3 (159)
549	Cleveland Elec Illum	5.4	225.2 (173)	45.8 (29)	793.9 (217)
549	Potomac Elec Power	5.4	217.6 (182)	26.1 (90)	522.3 (283)
551	Shawmut	5.4	109.6 (469)	6.1 (439)	1,075.5 (168)
552	Arkla	5.3	242.7 (154)	11.1 (255)	324.0 (350)
553	Comerica	5.3	146.5 (317)	9.1 (321)	1,606.9 (74)
554	Ohio Casualty	5.3	177.9 (243)	10.5 (272)	315.5 (352)
555	Public Service Ind	5.3	164.6 (270)	48.2 (25)	818.4 (213)
556	Rainier Bancorp	5.3	131.3 (361)	8.9 (329)	1,209.5 (139)
557	Washington Post	5.3	165.6 (268)	12.9 (208)	107.7 (476)
558	Big Three Industries	5.2	128.2 (381)	8.7 (336)	210.5 (376)
559	Norstar Bancorp	5.2	91.0 (573)	11.2 (253)	1,031.6 (179)
560	Medtronic	5.2	81.9 (624)	11.4 (246)	86.9 (521)
561	MidCon	5.1	704.3 (21)	24.3 (104)	644.9 (243)
562	Cincinnati G & E	5.1	268.5 (129)	28.6 (79)	574.1 (268)
563	First Union	5.1	128.9 (378)	11.5 (240)	1,335.0 (113)
564	New England Electric	5.1	269.8 (128)	26.0 (91)	614.9 (251)
565	United Virginia Bshs	5.0	112.4 (453)	10.3 (279)	1,079.9 (167)
566	Maryland National	5.0	109.5 (470)	7.7 (377)	1,147.1 (152)
567	San Diego Gas & Elec	5.0	306.0 (96)	37.5 (44)	567.9 (269)
568	Entex	5.0	258.6 (140)	12.6 (218)	199.4 (381)
569	Duquesne Light	5.0	161.4 (277)	29.3 (76)	634.4 (247)
570	Florida Progress	4.9	271.8 (125)	21.1 (121)	637.7 (246)
571	GEICO	4.9	177.5 (244)	19.3 (130)	361.2 (336)
572	Freeport-McMoRan	4.9	160.4 (279)	18.4 (139)	289.4 (361)
573	Gulf States Utilities	4.9	294.6 (107)	47.1 (26)	893.0 (195)
574	SEDCO	4.8	113.4 (449)	27.5 (86)	195.1 (383)
575	BayBanks	4.8	97.5 (540)	6.7 (419)	971.8 (186)
576	Brown-Forman Dist	4.8	165.4 (269)	17.0 (148)	213.0 (375)
577	First Security	4.7	110.4 (464)	4.5 (514)	1,046.5 (174)
578	Maytag	4.7	126.9 (390)	12.9 (208)	68.5 (594)
579	Farm House Foods	4.7	325.7 (88)	0.2 (755)	60.6 (634)
580	Trust Co of Georgia	4.6	117.5 (433)	15.7 (158)	1,046.1 (175)
581	Computervision	4.6	87.0 (597)	7.7 (377)	75.9 (560)
582	Nalco Chemical	4.6	143.4 (325)	15.4 (164)	106.4 (481)
583	First Natl State Bcp	4.6	115.5 (445)	10.4 (274)	1,410.3 (99)
584	Utah Power & Light	4.5	188.8 (230)	31.9 (60)	626.7 (249)
585	A E Staley Mfg	4.5	402.6 (67)	2.4 (653)	256.1 (364)
586	Berkshire Hathaway	4.5	138.6 (336)	10.8 (266)	412.5 (321)
587	N Y State Elec & Gas	4.4	225.7 (172)	35.6 (52)	713.8 (232)
588	CalFed	4.4	351.8 (77)	18.3 (141)	3,256.6 (25)

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
589	Huntington Bancshs	4.4	128.2 (381)	5.6 (458)	1,246.8 (126)
590	Nike	4.4	198.0 (208)	12.1 (226)	106.6 (478)
591	Fleet Financial	4.3	132.1 (358)	12.1 (226)	1,330.5 (114)
592	Southwest Bancshares	4.3	169.1 (258)	0.7 (745)	1,858.7 (65)
593	Banco Popular PR	4.3	68.9 (705)	6.3 (432)	693.7 (234)
594	First Wisconsin	4.3	123.7 (403)	7.9 (368)	1,183.0 (148)
595	CFS Continental	4.3	290.0 (110)	4.0 (547)	76.9 (558)
595	Tandon	4.3	80.9 (636)	6.4 (428)	83.7 (538)
597	Midlantic Banks	4.2	121.4 (414)	11.5 (240)	1,509.4 (82)
598	Primark	4.2	463.2 (43)	7.3 (394)	346.4 (344)
599	Lubrizol	4.2	188.6 (231)	13.5 (198)	160.9 (406)
600	Bank of New England	4.2	147.3 (316)	8.7 (336)	1,372.7 (106)
601	Northern Trust	4.2	161.8 (276)	4.3 (527)	1,525.3 (81)
602	First Atlanta	4.2	129.7 (368)	12.4 (221)	1,368.9 (107)
603	National City	4.2	150.0 (307)	9.9 (293)	1,565.1 (77)
604	Charter	4.2	1,346.0 (7)	12.0 (229)	431.7 (314)
605	Florida National Bks	4.2	96.2 (546)	7.0 (403)	846.4 (206)
606	Provident Life & Acc	4.1	278.3 (115)	21.6 (114)	773.9 (219)
607	Tandem Computers	4.1	109.7 (467)	8.2 (355)	108.6 (472)
608	Apple Computer	4.0	270.0 (127)	14.3 (183)	151.2 (415)
609	AmeriTrust	4.0	143.0 (326)	12.7 (215)	1,445.7 (94)
610	Boston Edison	4.0	267.7 (130)	17.0 (148)	499.5 (290)
611	Fin Corp of America	4.0	457.8 (45)	43.2 (32)	5,687.9 (7)
612	Illinois Power	4.0	321.1 (90)	52.2 (21)	863.3 (203)
613	Oklahoma Gas & Elec	3.9	248.4 (150)	30.1 (69)	543.5 (278)
614	Utd Energy Resources	3.9	1,031.0 (10)	7.4 (391)	693.2 (235)
615	California First Bank	3.9	118.2 (429)	4.7 (504)	1,114.3 (160)
616	First of America Bank	3.9	112.2 (455)	6.8 (413)	1,065.6 (170)
617	Harris Bankcorp	3.9	202.6 (206)	8.1 (358)	1,928.1 (61)
618	TECO Energy	3.8	176.9 (246)	19.4 (129)	431.2 (315)
619	Peoples Energy	3.8	409.9 (61)	12.9 (208)	359.9 (337)
620	Manufacturers Natl	3.7	148.2 (313)	9.3 (307)	1,558.0 (78)
621	Mercantile Bancorp	3.7	140.9 (330)	11.1 (255)	1,479.1 (89)
622	Allied Bancshares	3.7	211.9 (191)	26.7 (89)	2,131.5 (48)
622	U S Tobacco	3.7	103.3 (509)	19.1 (132)	100.6 (494)
624	Crown Central Petrol	3.7	450.5 (49)	1.1 (735)	176.3 (397)
625	Mitchell Energy & Dev	3.7	251.5 (144)	19.7 (128)	535.5 (280)
625	State Street Boston	3.7	119.7 (421)	10.4 (274)	1,093.1 (164)
627	Donaldson, Lufkin	3.7	196.1 (214)	6.5 (423)	1,476.7 (90)
628	Hartford National	3.7	114.1 (448)	10.4 (274)	1,268.8 (123)
629	So Carolina E & G	3.7	265.2 (134)	28.3 (80)	641.5 (244)
630	First Pennsylvania	3.7	147.7 (315)	–4.3 (781)	1,405.7 (100)
631	Alexander & Baldwin	3.7	117.9 (430)	14.5 (181)	204.0 (377)
632	Glendale Federal S&L	3.6	277.7 (117)	9.7 (295)	2,671.0 (33)
633	Intl Flavors & Frag	3.6	126.5 (392)	18.8 (135)	125.8 (443)
634	Louisville Gas & Elec	3.6	175.8 (248)	16.5 (150)	384.9 (330)
635	Centerre Bancorp	3.6	137.3 (339)	5.8 (449)	1,486.0 (88)
636	Teradyne	3.6	69.8 (701)	5.9 (444)	70.2 (580)
637	Tele-Communications	3.5	98.1 (537)	4.5 (514)	345.1 (345)
638	Transco Energy	3.5	1,086.0 (8)	37.6 (42)	1,024.5 (181)
639	First Alabama Bshs	3.5	99.5 (529)	11.4 (245)	924.4 (189)
640	First Maryland Bncp	3.5	111.6 (458)	5.5 (465)	1,054.2 (173)
641	Gulfstream Aerospace	3.5	166.5 (264)	15.3 (167)	149.1 (417)
642	AmSouth Bancorp	3.4	109.1 (473)	9.8 (292)	1,056.5 (172)
643	Kansas Power & Light	3.4	250.0 (148)	24.3 (104)	497.6 (291)
644	Texas Oil & Gas	3.4	551.7 (33)	89.3 (7)	865.4 (202)
645	First Virginia Banks	3.4	79.0 (646)	8.5 (342)	690.1 (236)
646	Key Banks	3.4	101.0 (517)	9.8 (292)	1,030.9 (180)
647	Monfort of Colorado	3.4	405.4 (64)	4.3 (527)	61.4 (629)
648	Analog Devices	3.4	70.9 (691)	7.0 (403)	70.0 (584)
649	Fidelcor	3.3	157.2 (285)	14.0 (185)	1,694.2 (69)
650	Home Fed S&L-Cal	3.3	231.7 (165)	11.1 (255)	2,039.9 (52)
651	First Tennessee Natl	3.3	127.5 (386)	9.1 (320)	1,385.7 (104)
652	Tesoro Petroleum	3.3	923.1 (14)	13.6 (195)	323.4 (351)
652	Fidelity Union Bncp	3.3	103.2 (511)	5.1 (484)	1,141.3 (153)
654	Texas American Bshs	3.3	160.4 (279)	10.6 (270)	1,643.2 (72)
655	Molex	3.3	64.8 (722)	9.1 (320)	59.8 (637)
656	Lincoln First Banks	3.3	129.5 (370)	8.0 (365)	1,279.5 (120)
657	Portland Genl Elec	3.2	181.8 (236)	50.4 (23)	727.9 (228)
658	City Federal S & L	3.2	217.7 (181)	13.7 (193)	2,118.0 (50)
659	Southwest Airlines	3.2	139.8 (333)	12.8 (213)	183.2 (394)
660	United Banks of Colo	3.2	125.0 (401)	8.3 (351)	1,210.3 (138)
661	Third National	3.2	122.5 (406)	10.2 (280)	1,171.6 (149)
662	Society	3.2	134.7 (348)	9.3 (307)	1,355.3 (110)
663	Atlantic Bancorp	3.1	99.2 (530)	9.2 (315)	1,060.8 (171)
664	Dayton Power & Lt	3.1	305.7 (97)	39.4 (37)	730.7 (227)
665	Dominion Bankshares	3.1	121.7 (412)	7.9 (368)	1,238.2 (129)
666	Colonial Penn Group	3.1	407.0 (63)	15.3 (167)	362.2 (335)
667	USLIFE	3.0	306.7 (95)	25.2 (95)	1,040.4 (177)
668	Northwestern Finl	3.0	89.5 (581)	5.8 (449)	822.6 (211)
669	First Kentucky Natl	3.0	102.0 (512)	9.9 (289)	1,097.0 (162)
670	Southmark	3.0	126.5 (392)	19.8 (127)	306.4 (354)
670	Premier Industrial	3.0	119.2 (423)	12.2 (225)	77.9 (553)
672	Commerce Bancshares	3.0	112.6 (452)	11.7 (235)	1,163.7 (151)
673	MGM/UA Enter	3.0	241.1 (156)	10.0 (285)	458.6 (304)
674	United Jersey Banks	2.9	116.5 (441)	8.1 (358)	1,235.3 (130)
675	Montana Power	2.9	166.5 (264)	30.2 (68)	576.3 (267)
676	Public Service N M	2.9	136.5 (343)	40.0 (36)	854.0 (205)
677	Marshall & Ilsley	2.9	119.5 (422)	10.9 (264)	1,165.6 (150)
678	Central Ill Pub Svc	2.9	255.4 (143)	29.8 (71)	535.1 (281)
679	Meridian Bancorp	2.9	139.1 (334)	11.3 (251)	1,303.6 (119)
680	South Carolina Natl	2.8	88.0 (594)	8.9 (329)	812.9 (214)
681	Bank of Virginia	2.8	145.2 (322)	10.6 (270)	1,357.5 (109)
681	Colorado Natl Bnkshs	2.8	99.9 (525)	7.8 (374)	868.6 (201)
683	Bancorp Hawaii	2.8	122.1 (409)	11.0 (261)	1,195.5 (143)
684	Mountain Fuel Supply	2.8	206.1 (203)	20.2 (126)	336.8 (348)
685	Rochester Gas & Elec	2.7	275.7 (121)	31.4 (64)	546.3 (275)
686	First American	2.7	127.6 (385)	9.5 (301)	1,275.9 (121)
687	Kansas City Pwr & Lt	2.7	207.3 (200)	46.6 (27)	763.1 (222)
688	General Re	2.7	617.3 (28)	71.5 (11)	2,024.7 (53)
689	Equitable Bancorp	2.6	116.4 (442)	5.5 (466)	1,088.8 (166)
690	Central Fidelity Bks	2.6	116.1 (443)	9.4 (303)	1,039.1 (178)
691	Old Kent Financial	2.6	134.6 (349)	12.5 (220)	1,428.8 (96)
692	Pioneer Hi-Bred Intl	2.6	197.6 (209)	15.9 (156)	278.3 (362)
693	BanCal Tri-State	2.6	155.5 (292)	4.1 (542)	1,494.6 (86)
694	American Petrofina	2.6	807.6 (17)	21.6 (114)	546.2 (276)
695	Turner Construction	2.6	667.7 (26)	4.5 (514)	170.1 (401)
696	First Florida Banks	2.6	109.2 (472)	13.3 (200)	1,097.2 (161)
697	Wisconsin Pwr & Lt	2.5	219.4 (178)	21.6 (114)	348.0 (343)
698	SouthTrust	2.5	117.9 (430)	11.1 (255)	1,192.0 (144)

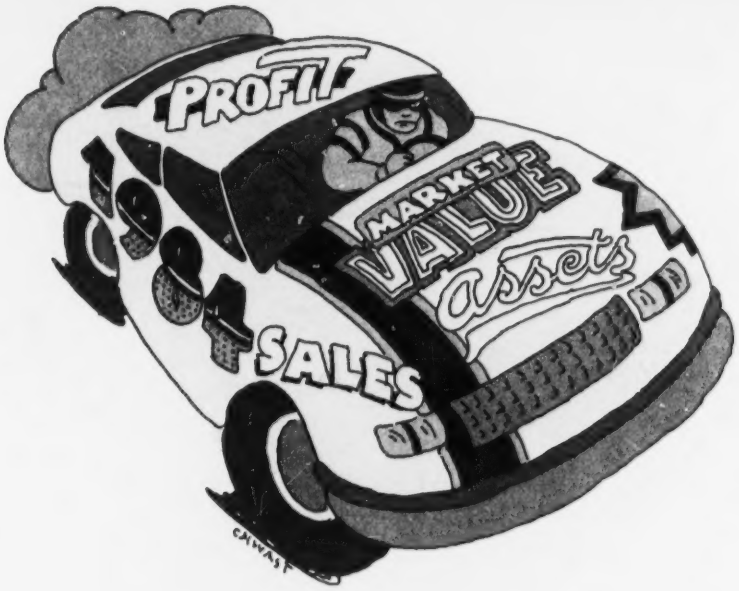
Source: Media General Financial Services, Inc.; Forbes.

The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
699	Delmarva Power & Lt	2.5	259.1 (139)	33.9 (56)	611.4 (253)
700	Citizens & South SC	2.5	80.7 (637)	8.1 (358)	822.3 (219)
701	Cullen/Frost Bankers	2.5	129.3 (372)	–9.0 (797)	1,229.9 (131)
702	Tosco	2.5	1,003.0 (11)	–32.6 (807)	383.7 (331)
703	Bergen Brunswig	2.5	639.3 (27)	8.8 (333)	142.2 (423)
704	PSFS	2.5	456.5 (47)	10.7 (268)	4,866.2 (11)
705	Moore Financial	2.4	117.4 (434)	9.3 (307)	1,132.4 (154)
706	Toledo Edison	2.4	207.5 (199)	52.8 (19)	987.6 (184)
707	Puget Sound Pwr & Lt	2.4	214.9 (185)	42.3 (34)	881.4 (198)
708	American Fletcher	2.4	133.1 (354)	9.2 (315)	1,403.6 (101)
709	Southwestern Pub Svc	2.4	313.9 (91)	41.8 (35)	581.6 (263)
710	Public Service N H	2.4	196.1 (214)	64.2 (14)	882.3 (197)
711	Centran	2.4	129.3 (372)	6.4 (428)	1,226.0 (132)
712	Mercantile Bankshares	2.3	101.3 (515)	12.7 (215)	911.0 (191)
713	Affiliated Bshs Colo	2.3	107.0 (491)	9.3 (308)	971.2 (187)
714	Pioneer	2.3	445.2 (51)	31.7 (63)	422.4 (318)
715	Homestake Mining	2.3	96.9 (544)	18.9 (134)	219.5 (371)
716	Equimark	2.3	148.7 (312)	–4.9 (782)	1,426.5 (97)
717	Republic New York	2.3	440.0 (53)	37.6 (42)	4,497.4 (13)
718	Boatmen's Bancshares	2.2	118.6 (426)	11.4 (245)	1,567.0 (76)
719	Arizona Bancwest	2.2	121.5 (413)	8.6 (341)	1,240.6 (127)
720	Central Bancshares	2.2	129.0 (376)	11.2 (253)	1,247.4 (125)
721	Continental Bancorp	2.2	145.6 (320)	13.6 (195)	1,463.6 (91)
722	Shared Medical Sys	2.2	95.8 (550)	12.4 (221)	71.9 (573)
723	IPALCO Enterprises	2.2	194.9 (216)	30.7 (66)	609.8 (255)
724	Horizon Bancorp	2.2	94.2 (554)	8.7 (336)	1,118.8 (158)
725	Intergraph	2.2	117.2 (436)	13.6 (195)	117.0 (454)
726	Integrated Resources	2.1	153.1 (295)	27.4 (87)	440.7 (311)
727	First Hawaiian	2.1	127.1 (388)	10.0 (285)	1,240.6 (127)
728	Central Maine Power	2.1	247.9 (180)	24.9 (98)	504.1 (289)
729	First Empire State	2.1	108.9 (475)	2.5 (645)	991.8 (183)
730	First Boston	2.1	711.2 (20)	38.5 (39)	10,558.0 (5)
731	Golden West Financial	2.1	443.7 (52)	37.2 (46)	3,939.2 (16)
732	Great American Fed	2.1	265.3 (133)	13.7 (193)	2,363.4 (40)
733	RIHT Financial	2.1	107.5 (487)	2.5 (645)	986.0 (185)
734	CharterCorp	2.1	131.4 (360)	9.3 (307)	1,306.3 (118)
735	Indiana National	2.1	136.0 (344)	6.9 (410)	1,489.6 (87)
736	Atlantic City Electric	2.0	257.4 (141)	33.0 (57)	567.4 (270)
736	Marine	2.0	129.2 (375)	8.4 (345)	1,222.1 (135)
738	United Missouri Bshs	2.0	111.7 (457)	13.1 (205)	1,344.9 (112)
739	Riggs National	2.0	194.3 (218)	12.0 (229)	2,438.0 (37)
740	Union National	2.0	100.9 (519)	7.0 (403)	1,119.0 (157)
741	Kansas Gas & Electric	1.9	203.0 (205)	55.5 (18)	918.5 (190)
742	Commerce Union	1.9	128.9 (378)	7.4 (391)	1,225.1 (133)
743	Kentucky Utilities	1.9	267.2 (131)	34.0 (55)	614.4 (252)
744	Amerifin	1.9	1.7 (808)	–12.0 (800)	3,799.3 (18)
745	Super Food Services	1.9	677.9 (24)	3.5 (576)	85.2 (529)
746	City National	1.8	117.1 (437)	9.4 (303)	1,127.5 (156)
747	Suburban Bancorp	1.8	128.0 (383)	12.4 (221)	1,414.5 (98)
748	Valero Energy	1.8	836.6 (16)	25.0 (97)	826.6 (210)
749	Natl Bancshares Texas	1.8	129.0 (376)	9.9 (289)	1,315.1 (116)
750	Citizens Fidelity	1.8	155.3 (293)	16.3 (153)	1,506.4 (83)
751	Noble Affiliates	1.8	153.3 (298)	13.2 (203)	408.5 (322)
752	Price Co	1.7	451.3 (48)	10.2 (280)	109.2 (470)
752	First National Cinc	1.7	145.1 (323)	14.6 (180)	1,506.1 (84)
754	Marion Laboratories	1.7	114.6 (447)	11.5 (240)	90.0 (512)
755	Deposit Guaranty	1.7	137.1 (340)	10.4 (274)	1,348.1 (111)
756	Dauphin Deposit	1.7	107.5 (487)	9.8 (292)	1,329.7 (115)
757	Zions Utah Bancorp	1.7	144.5 (324)	14.5 (181)	1,364.2 (108)
758	Idaho Power	1.7	223.1 (175)	52.3 (20)	901.8 (192)
759	Sumitomo Bank Cal	1.6	153.0 (300)	5.4 (471)	1,496.4 (85)
760	Louisiana Land	1.6	772.6 (19)	58.3 (17)	1,043.8 (176)
761	U S Trust	1.6	145.9 (319)	11.4 (245)	1,449.1 (93)
762	First Commerce	1.6	133.8 (352)	8.0 (365)	1,268.1 (124)
763	Minnesota Power	1.6	236.5 (162)	34.2 (54)	678.5 (237)
764	Iowa-Illinois G & E	1.6	331.5 (84)	38.4 (40)	717.0 (230)
765	United Illuminating	1.5	291.4 (109)	52.2 (21)	764.4 (221)
766	Gibraltar Financial	1.5	416.7 (58)	21.2 (120)	3,939.4 (15)
767	Central Bancorp	1.5	191.1 (227)	14.9 (175)	1,890.4 (64)
768	First Okla Bancorp	1.5	207.8 (198)	–29.4 (805)	1,936.4 (59)
769	Toledo Trustcorp	1.5	132.9 (356)	14.0 (185)	1,458.2 (92)
770	American Security	1.5	229.0 (170)	21.5 (118)	2,552.8 (35)
771	Cray Research	1.5	116.9 (439)	18.0 (143)	192.1 (386)
772	Merchants National	1.5	158.9 (283)	6.2 (435)	1,436.1 (95)
773	First Federal Michigan	1.4	559.9 (32)	22.1 (110)	5,578.3 (8)
774	Imperial Corp of Am	1.4	411.4 (60)	–24.3 (804)	4,287.9 (14)
775	Washington Water Pr	1.4	245.7 (153)	49.1 (24)	890.0 (196)
776	Old Stone	1.3	197.2 (211)	11.4 (245)	1,716.5 (68)
777	Florida Federal S&L	1.3	282.0 (113)	0.7 (745)	2,916.2 (30)
778	Dorchester Gas	1.2	972.9 (13)	11.7 (235)	429.0 (316)
779	TIE/Communications	1.2	270.1 (126)	29.3 (76)	299.0 (358)
780	Fedl National Mtge	1.2	7,101.0 (1)	63.3 (15)	56,150.0 (1)
781	Guarantee Finl Calif	1.2	213.5 (190)	3.0 (607)	2,013.5 (54)
782	Western S&L	1.2	280.9 (114)	16.0 (155)	2,499.4 (36)
783	Liberty National	1.1	211.7 (192)	12.8 (213)	2,011.7 (55)
784	Tucson Electric Power	1.1	327.7 (85)	92.2 (6)	1,666.5 (70)
785	BancTEXAS Group	1.1	184.1 (235)	3.2 (597)	1,902.5 (63)
786	El Paso Electric	1.1	276.4 (119)	79.8 (10)	1,273.6 (122)
787	BancOklahoma	1.1	149.8 (308)	13.9 (190)	1,940.0 (58)
788	Valley Fed Sav & Loan	1.0	241.3 (155)	1.6 (719)	2,272.3 (43)
789	Washington Mutual	1.0	333.7 (82)	7.5 (388)	3,505.4 (20)
790	Amer Savings & Loan	0.9	361.4 (75)	19.1 (132)	3,575.0 (19)
791	Whitney Holding	0.9	236.9 (161)	36.1 (49)	2,370.5 (39)
792	TRANSOHIO Finl	0.8	307.9 (94)	5.2 (480)	3,013.3 (28)
793	Mesa Petroleum	0.8	479.4 (41)	86.7 (8)	2,846.4 (31)
794	Citadel Holding	0.8	257.1 (142)	8.5 (342)	2,751.7 (32)
795	Pacific Resources	0.8	1,965.0 (4)	14.1 (184)	807.5 (215)
796	Convergent Technolgs	0.7	222.8 (176)	20.3 (125)	348.1 (342)
797	Bacardi	0.7	239.5 (158)	80.3 (9)	385.8 (329)
798	Fin Cp Santa Barbara	0.7	299.9 (101)	–30.5 (806)	3,402.6 (22)
799	Gibraltar Savings	0.7	684.2 (23)	65.4 (13)	5,450.1 (9)
800	United Financial Gp	0.7	499.7 (36)	–2.4 (775)	4,927.7 (10)
801	Farm & Home Savings	0.7	401.4 (68)	–3.4 (779)	3,827.6 (17)
802	Broadview Financial	0.7	292.4 (108)	12.3 (224)	2,961.1 (29)
803	Southland Royalty	0.6	566.8 (30)	45.3 (31)	1,191.9 (145)
804	Student Loan Mktng	0.6	1,600.0 (5)	117.0 (2)	16,138.0 (2)
805	First Executive	0.4	3,158.0 (3)	103.0 (5)	11,318.0 (4)
806	Columbia S & L	0.4	783.1 (18)	108.0 (4)	13,597.0 (3)
807	Telerate	0.2	384.1 (70)	116.0 (3)	652.3 (241)
808	MGM/UA Home Ent	0.1	1,427.0 (6)	346.0 (1)	1,220.0 (136)

Source: Media General Financial Services, Inc.; Forbes

Ranking The Forbes 500s



The alphabetical listings in the table that follows contain a summary of The Forbes 500s rankings. The columns to the left of each company's name indicate its position on the various lists. The performance figures on which those rankings are based appear in the columns on the right.

Where they rank: 1983										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
373	236	41	82	**Abbott Laboratories**	2,824	2,928	5,480	347.6	448.2	33.2
■	■	178	■	**Advanced Micro Devices**	414	488	1,813	47.2	85.6	11.5
10	27	86	89	**Aetna Life & Casualty**	47,626	14,411	3,583	325.2	356.5	52.8
459	■	■	■	**Affiliated Bkshs Colo**	2,248	248	147	21.5	28.3	2.3
44	298	412	297	**H F Ahmanson**	20,226	2,213	859	107.9	128.7	6.5
456	370	249	278	**Air Prods & Chems**	2,256	1,662	1,387	115.0	300.4	17.8
■	149	409	410	**Albertson's**	936	4,279	863	70.3	115.2	33.0
■	235	■	447	**Alco Standard**	1,085	2,939	676	59.9	91.1	15.7

■ Not on 500 list.

Source: Media General Financial Services, Inc.; Forbes.

General notes: 1) This list includes U.S.-based companies that are publicly owned. 2) Fiscal year-end results are used for companies with fiscal years that end in December and January. For all other companies, trailing 12-month results are used for sales and profits, and assets are as of the most recent quarter. 3) For nonfinancial companies, sales includes net sales and other operating revenue, excluding excise taxes for oil, liquor and tobacco companies. For financial companies, sales includes total operating income and other income. 4) Market value is calculated by multiplying the Dec. 30, 1983 closing price of common stock by the number of shares outstanding at that time. 5) Net profits and cash flow are from continuing operations before unusual and extraordinary items. In prior years profits included discontinued operations, so some 1982 profit ranks may not be comparable. Profits for insurance operations exclude realized gains or losses. 6) Cash flow is net profits plus depreciation, depletion and amortization. 7) The number of employees is an average figure for the year.

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	■	486	Alexander & Baldwin	745	430	468	53.1	83.8	3.7
■	285	■	■	Allegheny Intl	1,940	2,348	366	–3.9	57.6	38.8
289	359	275	198	Allegheny Power	3,561	1,724	1,297	169.7	283.1	5.8
123	■	417	322	Allied Bancshares	7,895	785	853	98.8	109.5	3.7
128	44	112	68	Allied Corp	7,647	10,022	2,980	410.0	878.0	117.8
424	184	361	249	Allied Stores	2,427	3,676	1,001	128.5	209.1	63.0
■	457	■	■	Allis-Chalmers	1,054	1,300	223	–133.2	–91.2	17.3
■	■	■	474	ALLTEL	1,370	606	459	55.2	143.5	6.2
155	109	83	202	Alcoa	6,267	5,263	3,632	164.5	510.6	39.1
231	290	215	■	AMAX	4,448	2,290	1,578	–489.0	–304.1	13.3
■	■	489	■	Amdahl	724	778	711	43.3	100.4	5.8
156	62	141	153	Amerada Hess	6,217	8,369	2,396	205.3	611.1	8.1
242	140	96	72	American Brands	4,304	4,436	3,256	390.3	489.4	70.9
486	234	205	212	Amer Broadcasting	2,090	2,940	1,631	159.8	213.0	13.8
371	207	360	327	American Can	2,830	3,346	1,001	97.5	180.8	29.8
346	190	137	201	American Cyanamid	3,056	3,535	2,450	166.4	349.4	39.5
70	142	107	63	American Elec Power	12,832	4,368	3,079	428.0	796.0	24.7
14	45	27	45	American Express	43,981	9,770	6,961	514.7	514.7	67.2
308	■	■	■	American Fletcher	3,377	320	136	22.1	27.3	2.4
61	163	228	107	American General	15,061	3,953	1,513	289.8	311.8	13.8
■	■	432	478	American Greetings	683	804	828	54.8	70.1	17.8
343	123	24	35	American Home Prod	3,086	4,856	7,735	627.2	722.8	54.6
448	209	115	148	Amer Hospital Supply	2,280	3,310	2,932	211.9	287.9	33.2
88	159	58	64	American Intl Group	10,556	3,996	4,665	427.3	457.5	24.0
■	438	312	295	Amer Medical Intl	1,706	1,386	1,144	108.2	185.2	31.0
■	211	■	■	American Motors	1,724	3,272	514	–258.3	–171.3	25.1
302	■	■	332	American Natl Ins	3,429	752	623	93.5	98.8	8.1
257	205	314	195	Am Natural Resources	3,944	3,354	1,130	171.3	389.1	11.3
■	318	■	473	American Petrofina	1,399	2,069	597	55.3	139.8	2.6
321	■	■	■	Amer Savings & Loan	3,278	331	111	17.5	20.6	0.9
274	■	■	■	American Security	3,724	334	215	31.4	36.0	1.5
■	302	408	438	American Standard	1,622	2,181	865	62.6	128.8	38.6
■	67	306	268	American Stores	1,627	7,984	1,171	117.9	205.2	61.0
1	3	2	1	American Tel & Tel†	149,530	69,403	59,392	5,746.6	15,600.8	977.3
135	■	■	■	Amerifin	7,112	3	362	–22.4	–21.6	1.9
55	51	32	17	Ameritech	18,512	9,041	6,229	1,064.8	2,435.3	99.5
170	■	■	■	AmeriTrust	5,797	573	452	51.1	60.6	4.0
■	293	■	■	Amfac	1 439	2,253	490	–21.3	25.4	26.6
■	413	75	205	AMP	1,238	1,515	4,101	163.1	226.4	20.5
219	126	194	142	AMR	4,728	4,763	1,747	227.9	525.1	42.0
280	■	■	■	AmSouth Bancorp	3,637	375	242	33.6	40.1	3.4
■	■	483	■	Analog Devices	235	238	726	23.6	37.2	3.4
■	435	■	■	Anderson, Clayton	472	1,402	352	27.5	53.5	16.4
241	86	110	80	Anheuser-Busch Cos	4,330	6,034	3,025	348.0	535.3	38.7
■	■	244	465	Apple Computer	607	1,085	1,443	57.6	81.3	4.0
■	217	■	481	ARA Services	1,407	3,156	609	54.2	154.9	116.0
407	127	183	290	Archer Daniels Midland	2,550	4,733	1,786	110.4	230.4	8.5
381	■	■	■	Arizona Bancwest	2,760	270	162	19.1	26.0	2.2
236	■	276	118	Arizona Public Service	4,386	1,074	1,292	264.8	354.9	7.3
■	460	321	453	Arkla	1,732	1,297	1,112	59.1	112.2	5.3

■ Not on 500 list. †Predivestiture results, operating companies also included in tables.

Source: Media General Financial Services, Inc.; Forbes.

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
285	154	251	■	Armco	3,609	4,165	1,383	–273.0	–66.4	50.0
■	427	■	436	Armstrong World Inds	955	1,439	684	63.1	118.5	19.8
460	415	421	458	ASARCO	2,227	1,512	848	58.3	113.3	9.9
254	71	452	329	Ashland Oil	4,063	7,838	787	94.7	279.0	29.8
499	182	393	275	Associated Dry Goods	2,004	3,718	897	115.5	188.1	60.0
315	■	■	■	Atlantic Bancorp	3,330	311	243	28.8	36.5	3.1
■	■	■	429	Atlantic City Electric	1,140	517	401	66.2	104.6	2.0
36	15	14	11	Atlantic Richfield	23,282	25,147	10,802	1,547.9	3,519.8	50.6
■	■	283	418	Auto Data Processing	705	816	1,247	68.8	133.5	16.3
154	243	481	311	Avco	6,388	2,806	727	102.9	145.7	26.0
■	440	208	428	Avnet	847	1,375	1,614	66.3	78.6	8.1
447	227	172	203	Avon Products	2,286	3,000	1,872	164.4	231.7	38.6
■	■	■	455	Bacardi	282	175	638	58.8	63.0	0.7
468	351	262	472	Baker International	2,165	1,788	1,342	55.4	55.4	23.0
266	376	292	146	Baltimore Gas & Elec	3,810	1,639	1,221	216.5	375.2	9.1
133	■	446	360	Banc One	7,270	743	802	83.3	99.2	5.9
262	■	■	■	BanCal Tri-State	3,867	402	228	10.7	15.5	2.6
350	■	■	■	Banco Popular PR	2,974	295	119	26.8	31.1	4.3
159	■	■	■	BancOhio	6,062	608	185	18.5	30.1	5.5
481	■	■	■	BancOklahoma	2,103	162	138	15.1	17.6	1.1
307	■	■	■	Bancorp Hawaii	3,377	345	210	31.0	37.3	2.8
476	■	■	■	BancTEXAS Group	2,123	205	124	3.6	7.5	1.1
47	263	463	236	Bank of Boston	19,538	2,599	766	135.7	168.0	14.0
169	■	■	■	Bank of New England	5,801	622	204	36.6	41.8	4.2
72	447	■	337	Bank of New York	12,797	1,340	485	90.6	106.9	8.4
264	■	■	■	Bank of Virginia	3,850	412	197	30.2	36.0	2.8
3	29	103	71	BankAmerica	121,176	13,299	3,140	390.5	642.6	88.2
18	173	263	124	Bankers Trust N Y	40,003	3,852	1,338	254.0	286.9	11.8
95	■	■	367	Barnett Banks Fla	9,397	988	612	81.9	106.8	9.4
472	343	95	145	Baxter Travenol Labs	2,127	1,842	3,275	218.1	304.2	32.3
224	■	■	■	BayBanks	4,639	466	243	32.0	46.2	4.8
216	50	101	157	Beatrice Foods	4,788	9,441	3,163	200.1	390.7	78.0
■	■	465	393	Becton, Dickinson	1,076	1,120	762	73.5	130.0	20.2
52	54	31	18	Bell Atlantic	18,930	8,883	6,301	1,026.1	2,403.6	102.7
31	39	21	13	BellSouth	24,083	10,681	8,136	1,371.5	3,041.5	125.9
144	393	470	303	Beneficial Corp	6,716	1,582	753	105.6	138.0	13.1
■	390	■	■	Bergen Brunswig	353	1,585	299	21.7	25.0	2.5
■	■	231	■	Berkshire Hathaway	1,856	624	1,502	48.6	56.6	4.5
■	317	■	■	Best Products	1,423	2,081	466	37.1	72.2	18.0
229	119	270	■	Bethlehem Steel	4,457	4,898	1,318	–314.2	–62.5	52.8
■	■	392	■	Big Three Industries	1,098	669	906	45.3	119.4	5.2
■	481	284	■	Black & Decker	1,049	1,227	1,239	40.5	93.2	15.1
■	487	■	■	Blue Bell	654	1,216	425	51.0	72.5	28.0
294	■	■	■	Boatmen's Bancshares	3,505	265	182	25.4	30.2	2.2
129	37	71	79	Boeing	7,471	11,129	4,242	355.0	720.0	84.6
369	197	307	443	Boise Cascade	2,838	3,451	1,170	60.4	222.2	28.0
385	150	211	210	Borden	2,720	4,265	1,582	160.4	255.9	32.6
401	189	153	176	Borg-Warner	2,617	3,542	2,115	182.6	297.3	77.1
500	■	■	422	Boston Edison	1,995	1,069	430	67.9	154.9	4.0
347	168	36	69	Bristol-Myers	3,007	3,917	5,760	408.0	474.6	35.7

■ Not on 500 list.

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Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
498	■	■	■	**Broadview Financial**	2,019	199	22	8.4	11.5	0.7
■	■	435	369	**Brown-Forman Dist**	1,012	786	818	80.6	98.1	4.8
■	408	■	414	**Brown Group**	646	1,529	660	70.1	93.3	28.0
■	■	247	361	**Browning-Ferris Inds**	787	875	1,402	83.2	176.0	15.5
■	486	■	430	**Brunswick**	817	1,216	610	66.1	110.5	18.6
463	219	358	287	**Burlington Industries**	2,195	3,121	1,004	111.5	245.0	53.0
86	137	80	66	**Burlington Northern**	10,901	4,508	3,678	413.2	670.6	45.1
251	148	146	162	**Burroughs**	4,098	4,296	2,289	192.5	597.9	62.9
■	395	444	439	**Cabot**	1,328	1,579	805	62.0	137.1	7.4
65	403	■	372	**CalFed**	14,329	1,548	434	80.5	91.5	4.4
239	■	■	■	**California First Bank**	4,347	461	172	18.2	26.5	3.9
467	196	162	181	**Campbell Soup**	2,173	3,483	1,967	178.0	275.0	40.5
■	■	169	279	**Capital Cities Comm**	1,053	762	1,887	114.7	155.0	7.6
217	394	378	260	**Capital Holding**	4,784	1,581	960	123.5	134.1	8.3
■	203	164	161	**Carnation**	1,748	3,365	1,944	194.8	249.3	21.1
193	373	255	136	**Carolina Power & Light**	5,294	1,647	1,375	239.3	419.9	8.7
496	186	430	424	**Carter Hawley Hale**	2,029	3,633	830	67.5	142.4	58.0
235	■	■	■	**Carteret Savings**	4,396	523	68	12.2	22.8	8.1
■	375	■	■	**Castle & Cooke**	1,079	1,642	499	34.5	64.5	35.5
136	106	63	■	**Caterpillar Tractor**	6,968	5,424	4,496	–288.0	218.0	58.4
349	139	163	169	**CBS**	2,990	4,458	1,966	187.2	284.2	31.6
158	■	■	■	**CBT**	6,072	555	241	38.5	48.4	5.4
364	212	329	286	**Celanese**	2,869	3,261	1,082	112.0	325.0	37.0
436	465	377	285	**Centel**	2,352	1,272	970	113.3	279.8	13.6
189	■	■	■	**Centerre Bancorp**	5,354	495	200	20.8	30.3	3.6
176	261	184	116	**Central & South West**	5,716	2,613	1,783	267.4	460.2	9.0
374	■	■	■	**Central Bancorp**	2,822	285	158	22.3	28.9	1.5
379	■	■	■	**Central Bancshares**	2,769	286	155	24.8	29.4	2.2
389	■	■	■	**Central Fidelity Banks**	2,702	302	196	24.5	31.0	2.6
■	■	■	349	**Central Ill Pub Svc**	1,536	733	530	85.5	144.3	2.9
■	■	■	494	**Central Maine Power**	1,055	456	267	52.2	78.0	2.1
■	397	■	■	**Central Soya**	636	1,575	216	23.3	43.4	8.2
359	■	■	■	**Centran**	2,884	304	74	15.1	20.4	2.4
■	479	■	■	**CFS Continental**	327	1,233	203	17.0	31.5	4.3
288	151	209	365	**Champion International**	3,576	4,264	1,588	82.2	268.9	39.3
■	100	■	■	**Charter**	1,813	5,566	187	50.4	88.3	4.2
390	■	■	■	**CharterCorp**	2,701	272	178	19.2	19.2	2.1
4	57	213	62	**Chase Manhattan**	81,921	8,523	1,581	429.6	510.9	37.0
9	118	268	99	**Chemical New York**	51,165	4,903	1,325	305.6	347.8	19.5
■	367	269	251	**Chesebrough-Pond's**	1,172	1,685	1,321	127.9	154.3	21.6
143	30	93	44	**Chrysler**	6,772	13,240	3,365	525.8	983.0	81.5
292	355	418	356	**Chubb**	3,539	1,761	852	84.4	90.4	7.7
21	33	98	70	**CIGNA**	35,117	12,564	3,206	400.5	400.5	41.6
355	443	■	222	**Cincinnati G & E**	2,928	1,369	541	145.9	221.8	5.1
■	■	476	■	**Cincinnati Milacron**	629	559	744	–10.3	12.8	9.3
462	■	■	■	**Citadel Holding**	2,207	206	40	6.8	10.0	0.8
2	20	59	26	**Citicorp**	134,655	17,037	4,625	860.0	1,059.0	62.2
137	■	■	463	**Citizens & Southern Ga**	6,933	684	442	57.9	79.2	5.7
493	■	■	■	**Citizens & Southern SC**	2,052	201	185	20.2	27.7	2.5
393	■	■	■	**Citizens Fidelity**	2,668	275	255	28.8	33.0	1.8

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Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
142	■	■	■	City Federal S & L	6,795	698	147	43.9	50.0	3.2
111	92	256	187	City Investing	8,361	5,948	1,374	175.0	313.0	63.2
490	■	■	■	City National	2,071	215	202	17.3	22.1	1.8
245	490	295	127	Cleveland Elec Illum	4,267	1,210	1,214	246.0	340.3	5.4
■	■	500	408	Clorox	631	935	694	70.7	90.9	5.6
313	91	499	336	Coastal Corp	3,338	5,963	695	91.6	240.4	6.0
197	77	25	42	Coca-Cola	5,228	6,829	7,295	558.3	785.6	40.3
395	122	190	170	Colgate-Palmolive	2,664	4,865	1,763	186.2	248.1	43.0
■	476	■	■	Colonial Penn Group	1,105	1,241	387	46.7	46.7	3.1
419	■	■	■	Colorado Natl Bnkshs	2,463	283	181	22.2	37.3	2.8
■	396	279	320	Colt Industries	1,177	1,576	1,271	99.3	137.0	21.4
196	112	257	166	Columbia Gas System	5,238	5,078	1,369	191.0	395.4	12.0
206	■	■	■	Columbia S & L	4,990	287	51	39.9	42.3	0.4
410	477	326	246	Combined International	2,514	1,235	1,105	131.3	183.6	7.4
403	221	338	386	Combustion Engineering	2,585	3,092	1,052	76.2	163.4	37.9
108	■	■	■	Comerica	8,556	780	315	48.7	58.1	5.3
300	■	■	■	Commerce Bancshares	3,477	336	238	34.9	39.5	3.0
432	■	■	■	Commerce Union	2,369	249	97	14.4	19.0	1.9
62	131	67	28	Commonwealth Edison	15,048	4,634	4,348	802.3	1,212.7	17.5
■	■	288	■	Computervision	349	400	1,228	35.3	64.3	4.6
■	272	■	485	ConAgra	1,290	2,485	631	53.2	81.9	18.2
114	102	97	40	Consolidated Edison	8,247	5,516	3,227	575.8	865.6	22.4
386	78	238	177	Consolidated Foods	2,720	6,789	1,478	179.6	303.1	91.2
■	445	436	432	Consol Freightways	990	1,355	817	65.5	129.1	17.4
312	198	252	207	Consol Natural Gas	3,358	3,445	1,382	162.8	365.2	7.5
109	232	289	81	Consumers Power	8,469	2,974	1,228	347.8	534.4	13.0
325	■	■	■	Continental Bancorp	3,239	322	243	30.1	33.4	2.2
97	165	259	■	Continental Corp	9,278	3,947	1,354	14.5	34.4	18.0
279	125	222	159	Continental Group	3,653	4,819	1,529	199.2	429.2	43.3
15	141	405	313	Continental Illinois	42,097	4,381	878	101.2	158.7	12.6
246	312	235	191	Continental Telecom	4,228	2,101	1,493	172.4	459.2	21.8
103	134	198	209	Control Data	8,778	4,583	1,725	161.7	361.0	55.9
■	■	410	■	Convergent Technologies	255	163	861	14.9	18.9	0.7
■	341	236	403	Cooper Industries	1,949	1,850	1,492	71.2	139.1	30.4
■	■	492	340	Adolph Coors	1,156	1,110	709	89.3	156.3	9.0
105	■	■	364	CoreStates Financial	8,587	896	477	83.0	98.2	5.6
■	387	239	449	Corning Glass Works	1,775	1,589	1,470	59.5	165.6	28.3
■	■	278	381	Cox Communications	940	615	1,277	78.0	173.9	7.0
415	157	173	165	CPC International	2,483	4,011	1,868	191.6	305.8	38.1
■	■	438	■	Cray Research	279	170	811	26.1	45.5	1.5
34	266	■	■	Crocker National	23,393	2,560	508	–10.4	37.0	14.9
■	368	■	■	Crown Central Petrol	653	1,668	112	4.0	48.3	3.7
■	459	■	■	Crown Cork & Seal	822	1,298	492	51.5	89.9	12.9
426	248	364	345	Crown Zellerbach	2,411	2,709	993	87.8	186.9	22.2
87	94	84	115	CSX	10,835	5,787	3,614	271.6	586.6	61.4
345	■	■	■	Cullen/Frost Bankers	3,064	322	213	–22.3	–14.0	2.5
■	384	469	■	Cummins Engine	1,259	1,605	756	24.7	94.8	18.8
484	240	212	293	Dana	2,095	2,865	1,581	109.1	196.6	31.8
184	47	81	60	Dart & Kraft	5,418	9,714	3,653	435.1	613.7	77.1
■	■	424	■	Data General	885	867	843	29.0	94.8	15.0

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Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
454	■	■	■	**Dauphin Deposit**	2,260	183	135	16.7	16.7	1.7
286	76	111	131	**Dayton-Hudson**	3,586	6,963	3,013	243.2	376.9	85.5
446	■	■	262	**Dayton Power & Light**	2,287	957	509	123.2	17[illegible]7	3.1
164	160	126	■	**Deere**	5,947	3,995	2,608	29.5	233.8	47.1
■	■	■	351	**Delmarva Power & Light**	1,533	650	571	85.1	137.1	2.5
327	171	214	■	**Delta Air Lines**	3,230	3,883	1,580	–13.9	321.3	37.5
■	■	396	384	**Deluxe Check Printers**	403	620	893	76.6	97.5	10.0
445	■	■	■	**Deposit Guaranty**	2,294	233	126	17.7	23.8	1.7
115	289	182	78	**Detroit Edison**	8,195	2,310	1,792	364.6	547.0	11.1
162	156	131	284	**Diamond Shamrock**	6,024	4,026	2,515	113.7	596.4	12.1
208	124	76	121	**Digital Equipment**	4,950	4,827	4,070	262.2	262.2	75.8
417	448	177	352	**Walt Disney**	2,466	1,339	1,819	84.9	247.0	29.0
265	■	■	■	**Dominion Bankshares**	3,826	376	206	24.5	30.3	3.1
126	262	175	117	**Dominion Resources**	7,691	2,612	1,834	266.0	561.3	12.7
181	■	■	■	**Donaldson, Lufkin**	5,445	723	200	24.0	31.3	3.7
■	405	240	280	**R R Donnelley & Sons**	1,204	1,546	1,467	114.4	186.3	16.5
■	495	■	■	**Dorchester Gas**	521	1,182	360	14.2	39.7	1.2
■	■	334	382	**Dover**	704	1,010	1,072	77.5	116.1	12.9
75	38	30	105	**Dow Chemical**	11,981	10,951	6,536	293.0	1,134.0	55.6
■	■	104	282	**Dow Jones**	700	866	3,116	114.2	151.6	6.1
333	199	203	■	**Dresser Industries**	3,181	3,435	1,646	22.1	220.1	40.3
29	9	9	16	**E I du Pont**	24,432	35,173	12,421	1,127.0	2,846.0	162.1
132	278	133	61	**Duke Power**	7,379	2,420	2,503	431.3	755.9	20.6
■	417	88	228	**Dun & Bradstreet**	1,186	1,510	3,496	142.0	189.4	26.0
337	■	450	224	**Duquesne Light**	3,146	800	789	145.2	225.0	5.0
■	■	388	■	**E-Systems**	371	827	923	49.9	62.0	12.0
269	166	■	■	**Eastern Air Lines**	3,758	3,942	233	–305.1	–21.4	38.2
■	492	■	■	**Eastern Gas & Fuel**	1,266	1,200	548	42.7	100.2	7.9
85	41	8	41	**Eastman Kodak**	10,928	10,170	12,606	565.0	1,217.0	125.5
449	253	187	292	**Eaton**	2,279	2,674	1,769	109.6	200.8	41.0
■	271	340	369	**Jack Eckerd**	1,034	2,486	1,040	80.6	1[illegible]3.8	31.3
■	■	371	■	**EG&G**	339	904	981	46.6	56.5	19.0
■	■	■	346	**El Paso Electric**	1,393	302	435	87.3	99.0	1.1
■	■	174	433	**Electronic Data Systems**	451	695	1,849	65.2	90.7	13.3
409	187	60	96	**Emerson Electric**	2,519	3,599	4,558	311.0	417.4	51.4
■	366	454	357	**Emhart**	1,018	1,686	783	84.3	126.5	29.4
■	313	346	393	**Engelhard**	889	2,099	1,033	73.5	107.4	7.1
323	193	290	415	**ENSERCH**	3,259	3,502	1,222	69.6	259.5	20.3
■	462	■	435	**Entex**	997	1,293	452	63.2	108.4	5.0
324	■	■	■	**Equimark**	3,254	339	24	–11.[illegible]	–8.2	2.3
362	■	■	■	**Equitable Bancorp**	2,874	307	363	14.5	23.4	2.6
314	132	199	248	**Esmark**	3,338	4,587	1,719	128.7	217.3	60.0
■	356	353	276	**Ethyl**	1,510	1,745	1,014	115.4	211.2	13.5
■	453	■	■	**Evans Products**	872	1,352	132	–63.9	–40.5	13.0
7	1	3	3	**Exxon**	62,963	88,561	31,623	4,978.0	8,505.8	156.0
391	■	■	■	**Farm & Home Savings**	2,695	283	93	–2.4	0.9	0.7
■	414	■	■	**Farm House Foods**	285	1,515	51	0.8	0.8	4.7
495	■	246	235	**Farmers Group**	2,041	790	1,417	137.7	136.2	12.2
■	499	■	■	**Federal Co**	348	1,168	253	25.2	53.8	13.0
■	493	158	301	**Federal Express**	1,127	1,194	2,038	106.4	199.2	19.1

■ Not on 500 list.

Source: Media General Financial Services, Inc.; Forbes.

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
5	59	226	388	**Fedl National Mortgage**	78,917	8,472	1,514	75.5	75.5	1.2
211	55	127	85	**Federated Dept Strs**	4,901	8,690	2,605	338.3	544.5	124.0
177	■	■	■	**Fidelcor**	5,662	525	202	46.8	52.1	3.3
268	■	■	■	**Fidelity Union Bancorp**	3,766	340	181	16.7	22.1	3.3
38	346	399	190	**Fin Corp of America**	22,700	1,827	887	172.5	198.9	4.0
418	■	■	■	**Fin Corp Santa Barbara**	2,463	217	35	–22.1	–22.1	0.7
405	158	333	324	**Firestone**	2,579	3,998	1,077	98.0	224.0	62.9
330	■	■	■	**First Alabama Bshs**	3,214	346	284	39.7	46.8	3.5
298	■	■	■	**First American**	3,497	350	181	26.1	32.3	2.7
171	■	■	492	**First Atlanta**	5,762	546	341	52.3	62.5	4.2
43	334	442	247	**First Bank System**	20,871	1,928	809	129.7	155.3	9.8
40	422	■	375	**First Boston**	22,003	1,482	470	80.2	85.1	2.1
20	185	337	174	**First Chicago**	36,323	3,675	1,057	183.5	217.8	11.2
59	379	■	■	**First City Bancorp**	17,263	1,624	608	49.8	77.7	8.7
497	■	■	■	**First Commerce**	2,024	213	203	12.8	17.4	1.6
492	■	■	■	**First Empire State**	2,071	227	108	5.3	8.8	2.1
214	446	■	■	**First Executive**	4,810	1,342	598	44.1	44.1	0.4
122	■	■	■	**First Federal Michigan**	7,971	800	85	31.6	34.8	1.4
377	■	■	■	**First Florida Banks**	2,798	278	288	34.0	44.0	2.6
402	■	■	■	**First Hawaiian**	2,605	267	135	21.1	25.4	2.1
13	145	196	126	**First Interstate Bancorp**	44,423	4,341	1,726	247.4	315.8	31.7
317	■	■	■	**First Kentucky Natl**	3,318	309	236	29.9	34.6	3.0
278	■	■	■	**First Maryland Bancorp**	3,655	387	141	19.2	27.3	3.5
399	■	■	■	**First National Cinc**	2,633	254	202	25.6	31.4	1.7
150	■	■	■	**First Natl State Bcp**	6,417	526	242	47.4	54.6	4.6
■	474	■	■	**First Natl Supermkts**	271	1,246	41	1.9	14.8	12.8
250	■	■	■	**First of America Bank**	4,109	433	119	26.1	42.5	3.9
365	■	■	■	**First Oklahoma Bancorp**	2,862	307	140	–43.5	–36.1	1.5
201	■	■	■	**First Pennsylvania**	5,152	541	108	–15.7	–9.4	3.7
210	■	■	■	**First Security**	4,943	521	255	21.2	30.5	4.7
227	■	■	■	**First Tennessee Natl**	4,617	425	223	30.2	45.6	3.3
140	■	■	457	**First Union**	6,803	657	504	58.5	69.0	5.1
434	■	■	■	**First Virginia Banks**	2,360	270	207	29.0	35.1	3.4
203	■	■	■	**First Wisconsin**	5,062	529	172	33.6	44.2	4.3
■	463	■	■	**Fischbach**	477	1,293	183	23.8	37.9	12.0
175	■	■	495	**Fleet Financial**	5,736	569	356	52.0	65.7	4.3
■	455	■	461	**Fleetwood Enterprises**	327	1,313	628	58.1	63.3	10.3
■	119	■	■	**Fleming Cos**	679	4,898	514	41.7	64.9	11.6
■	421	■	■	**Flickinger**	186	1,489	113	12.3	20.6	7.1
260	■	■	■	**Florida Federal S&L**	3,896	377	142	0.9	3.8	1.3
291	■	■	■	**Florida National Banks**	3,550	403	273	29.5	38.3	4.2
125	206	147	93	**Florida Power & Light**	7,721	3,352	2,268	314.0	579.0	12.8
339	449	422	307	**Florida Progress**	3,140	1,338	845	103.9	229.0	4.9
252	113	258	378	**Fluor**	4,085	5,042	1,357	79.3	299.3	38.6
378	194	220	199	**FMC**	2,783	3,498	1,537	168.8	331.1	32.2
■	497	■	■	**Food Lion**	274	1,172	537	27.7	41.8	9.4
33	5	23	6	**Ford Motor**	23,869	44,455	7,755	1,926.9	4,219.0	380.1
■	■	197	299	**Fort Howard Paper**	1,200	786	1,725	107.0	151.0	9.6
■	406	■	■	**Foster Wheeler**	908	1,541	529	44.2	58.8	14.4
■	■	237	338	**Freeport-McMoRan**	1,418	786	1,478	90.1	263.5	4.9

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Ranking The Forbes 500s

Where they rank: 1983 — Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	309	■	■	Fruehauf	1,596	2,129	586	8.4	99.1	24.5
■	363	102	164	Gannett	1,690	1,704	3,149	191.7	258.7	26.5
408	■	■	■	GATX	2,531	849	431	15.3	103.3	8.4
■	■	301	328	GEICO	1,776	873	1,185	94.8	99.1	4.9
416	■	■	■	Gelco	2,470	904	293	–5.8	239.9	8.4
■	■	■	454	General Cinema	673	920	506	59.0	96.6	12.5
370	73	108	109	General Dynamics	2,836	7,146	3,064	286.6	458.4	88.9
35	13	4	5	General Electric	23,288	26,797	26,653	2,024.0	3,108.0	340.0
238	56	122	97	General Foods	4,349	8,573	2,672	309.6	460.9	62.0
■	■	350	495	General Instrument	827	892	1,024	52.0	122.0	25.6
335	101	134	128	General Mills	3,164	5,520	2,501	245.7	380.5	80.5
12	2	5	4	General Motors	45,694	74,582	23,419	3,730.2	8,849.8	691.0
192	273	■	426	General Public Utils	5,334	2,480	487	66.9	317.8	12.6
182	371	106	163	General Re	5,440	1,659	3,088	192.0	195.8	2.7
■	398	242	339	General Signal	1,314	1,575	1,447	89.7	131.6	23.3
■	300	431	407	General Tire & Rubber	1,853	2,184	828	70.8	148.2	33.0
■	319	206	309	Genuine Parts	868	2,068	1,628	103.6	118.9	12.4
207	82	132	305	Georgia-Pacific	4,979	6,469	2,512	105.0	476.0	41.5
■	331	■	■	Giant Food	500	1,957	331	40.5	68.8	15.4
161	■	■	■	Gibraltar Financial	6,047	640	171	32.6	36.6	1.5
259	■	■	■	Gibraltar Savings	3,902	490	199	46.8	48.7	0.7
■	301	234	222	Gillette	1,696	2,183	1,494	145.9	222.0	29.8
93	■	■	■	Glendale Federal S&L	9,741	1,013	205	35.2	35.2	3.6
116	■	■	383	Golden West Financial	8,186	922	457	77.4	97.7	2.1
406	216	486	■	B F Goodrich	2,576	3,192	715	14.7	136.6	29.7
163	46	99	88	Goodyear	5,985	9,736	3,202	331.5	628.2	128.8
■	452	260	379	Gould	1,488	1,325	1,352	79.2	141.0	20.3
204	84	150	213	W R Grace	5,035	6,219	2,194	159.7	464.3	76.6
■	■	400	500	W W Grainger	617	880	886	51.7	72.0	5.8
212	■	■	■	Great American Federal	4,897	550	126	28.4	35.1	2.1
■	110	■	■	Great Atl & Pac Tea	1,139	5,222	459	31.4	80.1	40.0
■	400	359	358	Great Northern Nekoosa	1,818	1,565	1,002	84.0	162.7	12.4
53	327	458	392	Gt Western Financial	18,639	1,991	779	73.7	90.6	5.5
■	308	291	410	Greyhound	1,965	2,131	1,221	70.3	118.5	33.6
■	297	■	288	Grumman	1,088	2,220	682	110.7	144.8	28.1
30	31	20	20	GTE	24,223	12,944	8,341	964.0	2,731.0	187.2
429	■	■	■	Guarantee Finl Calif	2,394	254	39	3.6	8.8	1.2
42	14	26	25	Gulf	20,964	26,581	7,130	864.0	2,324.0	47.1
233	153	145	103	Gulf & Western Inds	4,425	4,198	2,330	297.3	367.3	60.0
237	428	336	141	Gulf States Utilities	4,353	1,436	1,067	229.8	333.1	4.9
■	■	■	486	Gulfstream Aerospace	516	576	554	53.1	67.1	3.5
167	103	53	92	Halliburton	5,834	5,511	4,778	314.8	690.7	78.5
■	380	■	■	Hammermill Paper	1,031	1,623	414	32.5	82.2	12.2
131	■	■	■	Harris Bankcorp	7,425	780	465	31.3	46.4	3.9
■	423	210	468	Harris Corp	1,588	1,474	1,584	56.1	140.8	25.2
221	■	■	■	Hartford National	4,676	421	249	38.4	46.3	3.7
■	■	449	467	G Heileman Brewing	530	1,151	790	57.0	80.5	6.0
425	175	121	137	H J Heinz	2,421	3,843	2,682	232.9	306.6	42.5
466	258	168	219	Hercules	2,175	2,629	1,893	151.0	279.2	24.3
■	362	365	319	Hershey Foods	984	1,706	991	100.2	139.3	14.0

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Ranking The Forbes 500s

Where they rank, 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
232	117	15	59	Hewlett-Packard	4,444	4,933	10,620	442.0	682.0	70.0
■	■	223	348	Hilton Hotels	1,099	683	1,523	85.9	126.0	32.0
■	391	185	257	Holiday Inns	1,936	1,585	1,777	124.4	228.4	43.6
141	■	■	■	Home Federal S&L-Cal	6,803	773	286	37.0	55.5	3.3
■	■	324	■	Homestake Mining	505	223	1,107	43.5	64.3	2.3
222	96	109	139	Honeywell	4,675	5,753	3,046	231.2	562.1	93.8
423	■	■	■	Horizon Bancorp	2,428	204	164	18.8	23.0	2.2
■	426	■	■	George A Hormel	514	1,440	298	33.5	60.5	6.9
253	215	90	131	Hospital Corp of Am	4,083	3,203	3,402	243.2	399.2	73.5
110	68	229	152	Household Intl	8,446	7,912	1,511	206.4	438.1	80.5
146	161	179	101	Houston Industries	6,575	3,993	1,809	303.7	502.8	11.0
341	233	191	170	Houston Natural Gas	3,129	2,972	1,757	186.2	534.3	10.8
482	■	311	■	Hughes Tool	2,098	1,157	1,158	–37.3	94.5	14.1
452	342	154	193	Humana	2,272	1,847	2,096	171.4	272.0	40.6
183	■	■	■	Huntington Bancshares	5,426	558	221	24.5	33.8	4.4
68	303	406	289	E F Hutton Group	13,164	2,172	878	110.6	132.7	14.6
256	181	448	387	IC Industries	3,985	3,724	799	76.1	212.1	41.9
■	■	■	344	Idaho Power	1,520	376	545	88.1	127.1	1.7
301	464	363	151	Illinois Power	3,437	1,278	998	207.7	277.7	4.0
157	■	■	■	Imperial Corp of Am	6,110	586	129	–34.6	–29.2	1.4
344	■	■	■	Indiana National	3,068	280	117	14.3	20.4	2.1
441	291	342	■	Ingersoll-Rand	2,311	2,274	1,039	–25.4	56.4	33.6
400	223	460	■	Inland Steel	2,626	3,046	772	–52.3	70.9	28.7
■	■	■	464	Integrated Resources	928	322	205	57.8	60.8	2.1
■	■	56	274	Intel	1,680	1,122	4,691	116.1	219.1	20.5
■	256	369	305	Interco	1,650	2,658	986	105.0	146.5	51.5
41	307	323	■	InterFirst	21,736	2,150	1,110	–172.0	–147.0	9.7
■	■	370	■	Intergraph	251	252	983	29.3	35.1	2.2
19	6	1	2	IBM	37,243	40,180	74,508	5,485.0	9,423.0	367.2
■	■	362	419	Intl Flavors & Frag	458	461	999	68.4	80.1	3.6
331	172	■	■	Intl Harvester	3,214	3,863	412	–324.4	–199.3	37.9
■	420	310	355	Intl Minerals & Chem	1,980	1,493	1,158	84.5	201.1	8.4
178	144	114	149	International Paper	5,617	4,357	2,935	211.6	436.4	33.7
205	115	192	140	InterNorth	5,010	4,997	1,751	231.0	477.9	10.2
■	■	■	449	Iowa-Illinois G & E	1,112	514	297	59.5	100.0	1.6
■	■	■	425	IPALCO Enterprises	1,337	427	484	67.4	110.4	2.2
54	344	■	333	Irving Bank	18,586	1,836	462	92.5	118.0	9.6
66	28	33	37	ITT	13,967	14,155	6,160	623.9	1,144.6	280.5
■	325	■	■	IU International	1,156	2,039	623	34.4	111.4	35.0
■	311	389	349	James River Corp Va	1,369	2,104	920	85.5	138.9	19.8
322	■	445	323	Jefferson-Pilot	3,277	921	803	98.7	101.0	6.0
■	98	■	363	Jewel Cos	1,562	5,723	553	83.1	172.8	37.1
398	315	■	376	Jim Walter	2,638	2,093	603	79.7	154.7	19.4
228	90	22	43	Johnson & Johnson	4,461	5,973	7,820	547.0	756.8	78.6
■	451	■	441	Johnson Controls	966	1,325	681	61.3	102.1	20.6
117	18	73	47	K Mart	8,183	18,598	4,186	492.3	756.8	245.0
293	241	414	■	Kaiser Alum & Chem	3,506	2,858	857	–98.0	18.8	17.2
491	■	■	254	Kansas City Pwr & Lt	2,071	562	531	126.5	172.8	2.7
■	■	■	298	Kansas Gas & Electric	1,778	393	546	107.5	137.4	1.9
■	■	■	359	Kansas Power & Light	1,711	860	491	83.6	128.7	3.4

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Ranking The Forbes 500s

Where they rank: 1983										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	282	136	133	**Kellogg**	1,467	2,381	2,476	242.7	305.5	18.8
139	296	■	419	**Kemper**	6,838	2,222	572	68.4	68.4	14.9
■	■	■	434	**Kentucky Utilities**	1,176	512	418	65.1	109.5	1.9
267	192	207	225	**Kerr-McGee**	3,807	3,508	1,616	144.9	427.5	9.6
299	■	■	■	**Key Banks**	3,492	342	214	33.1	38.8	3.4
■	322	■	299	**Kidde**	1,686	2,052	641	72.6	116.8	38.0
358	210	155	167	**Kimberly-Clark**	2,904	3,274	2,071	188.6	299.6	33.3
■	424	200	266	**Knight-Ridder News**	1,180	1,473	1,700	119.4	170.9	21.5
■	399	■	■	**Koppers**	1,175	1,566	622	23.4	101.2	14.5
296	23	201	252	**Kroger**	3,502	15,236	1,655	127.1	306.7	159.3
■	409	467	395	**Lear Siegler**	868	1,527	758	73.4	107.1	20.4
■	466	■	■	**Leaseway Transportation**	901	1,267	467	37.3	238.9	16.1
■	250	195	197	**Levi Strauss**	1,736	2,689	1,744	170.3	215.3	44.5
■	500	■	■	**Libbey-Owens-Ford**	838	1,168	431	40.4	80.3	15.2
453	■	■	■	**Liberty National**	2,261	238	110	14.4	17.7	1.1
304	225	70	55	**Eli Lilly**	3,414	3,034	4,253	457.4	555.7	29.3
■	■	243	406	**Limited**	377	1,086	1,445	70.9	99.3	14.4
248	■	■	■	**Lincoln First Banks**	4,179	423	213	26.0	33.4	3.3
83	169	253	200	**Lincoln National**	11,086	3,899	1,379	168.1	196.4	12.7
244	114	113	133	**Litton Industries**	4,273	5,021	2,956	242.7	438.2	72.1
372	81	130	120	**Lockheed**	2,830	6,490	2,527	262.8	375.0	71.0
79	128	159	125	**Loews**	11,510	4,693	2,027	252.7	307.6	30.0
153	352	330	77	**Long Island Lighting**	6,390	1,788	1,080	365.0	428.4	6.0
■	488	■	■	**Longs Drug Stores**	318	1,214	516	36.4	44.3	8.2
■	475	427	330	**Louisiana Land**	1,682	1,245	838	94.0	315.5	1.6
■	■	425	■	**Louisiana-Pacific**	1,265	1,102	840	23.1	111.8	13.0
■	■	■	448	**Louisville Gas & Elec**	1,394	637	423	59.7	101.1	3.6
■	431	440	■	**Lowe's Companies**	521	1,431	811	50.6	62.6	7.9
234	136	357	■	**LTV**	4,406	4,578	1,004	–238.3	–128.3	34.0
■	■	413	466	**Lubrizol**	683	800	857	57.2	94.2	4.2
■	61	380	304	**Lucky Stores**	1,713	8,388	958	105.4	183.3	64.5
■	■	415	■	**M/A-Com**	660	654	857	31.6	63.0	9.1
■	485	■	■	**Mack Trucks**	973	1,217	644	–26.2	0.0	11.6
480	176	125	147	**R H Macy**	2,104	3,827	2,634	212.7	296.9	49.0
■	252	■	■	**Malone & Hyde**	486	2,681	452	37.3	58.3	8.0
6	80	261	86	**Manufacturers Hanover**	64,332	6,596	1,343	337.0	385.6	28.1
168	■	■	■	**Manufacturers Natl**	5,807	552	191	34.6	43.7	3.7
457	357	■	445	**Manville**	2,253	1,729	264	60.1	136.5	20.6
■	320	497	■	**MAPCO**	1,641	2,065	702	50.5	131.9	6.4
420	■	■	■	**Marine**	2,455	259	80	16.8	21.1	2.0
37	306	■	314	**Marine Midland Banks**	22,872	2,156	473	101.1	124.2	11.1
■	■	488	■	**Marion Laboratories**	156	199	712	20.0	26.1	1.7
411	224	165	277	**Marriott**	2,501	3,037	1,915	115.2	211.5	109.3
■	■	188	260	**Marsh & McLennan**	779	968	1,765	123.5	148.3	17.4
310	■	■	■	**Marshall & Ilsley**	3,362	345	238	31.5	38.3	2.9
383	169	287	230	**Martin Marietta**	2,738	3,899	1,229	141.3	303.2	41.8
174	■	■	■	**Maryland National**	5,740	548	268	38.6	48.4	5.0
■	■	167	300	**Masco**	1,271	1,059	1,899	106.6	155.5	11.5
366	152	218	183	**May Dept Stores**	2,845	4,229	1,550	177.5	276.6	69.8
■	■	487	442	**Maytag**	322	597	712	60.7	73.9	4.7

■ Not on 500 list

Source: Media General Financial Services, Inc., Forbes

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	392	156	221	**MCA**	1,768	1,584	2,054	147.2	625.7	16.3
272	226	74	83	**McDonald's**	3,727	3,001	4,183	342.6	528.1	125.0
215	65	144	113	**McDonnell Douglas**	4,792	8,111	2,338	274.9	486.2	73.5
■	314	■	■	**McGraw-Edison**	1,520	2,094	685	31.7	104.5	28.5
■	461	152	254	**McGraw-Hill**	1,053	1,295	2,119	126.5	154.2	14.0
297	411	92	155	**MCI Communications**	3,500	1,521	3,371	202.9	373.9	7.2
■	143	■	417	**McKesson**	1,447	4,365	683	69.4	108.4	12.2
487	284	308	■	**Mead**	2,087	2,367	1,165	30.0	143.3	17.5
■	■	■	456	**Medtronic**	443	422	676	58.6	81.7	5.2
26	268	271	173	**Mellon National**	26,433	2,519	1,315	183.8	212.2	11.9
■	167	176	185	**Melville**	1,493	3,923	1,829	176.3	231.9	65.0
180	■	■	■	**Mercantile Bancorp**	5,508	525	262	41.5	49.0	3.7
474	■	■	■	**Mercantile Bankshares**	2,124	236	229	29.5	34.6	2.3
■	378	441	361	**Mercantile Stores**	931	1,626	810	83.2	116.6	20.0
77	■	■	317	**Mercantile Texas**	11,884	1,113	669	100.4	115.0	6.6
489	■	■	■	**Merchants National**	2,082	230	61	9.0	12.5	1.5
247	214	29	56	**Merck**	4,215	3,246	6,683	450.9	600.3	32.3
271	■	■	■	**Meridian Bancorp**	3,728	398	216	32.3	37.4	2.9
27	99	118	94	**Merrill Lynch**	26,139	5,687	2,865	313.2	387.1	40.9
444	■	395	413	**Mesa Petroleum**	2,306	388	895	70.2	207.3	0.8
■	■	372	■	**Metromedia**	1,311	533	979	32.8	71.9	6.5
■	■	480	■	**MGM/UA Entertainment**	1,353	711	728	29.4	64.6	3.0
■	■	496	■	**MGM/UA Home Entertainment**	146	171	704	41.6	41.8	0.1
138	■	■	■	**Michigan National**	6,891	779	186	15.9	36.0	7.2
319	188	341	258	**MidCon**	3,293	3,597	1,039	123.9	363.9	5.1
82	238	149	75	**Middle South Utilities**	11,101	2,910	2,221	378.1	561.3	13.4
151	■	■	■	**Midlantic Banks**	6,413	516	370	48.9	58.3	4.2
172	75	16	34	**Minn Mining & Mfg**	5,760	7,039	9,672	667.0	1,033.0	86.5
■	■	■	483	**Minnesota Power**	1,073	374	335	54.1	85.4	1.6
■	■	315	398	**Mitchell Energy & Dev**	1,981	931	1,127	72.8	175.5	3.7
22	4	12	12	**Mobil**	35,072	54,607	11,696	1,503.0	3,395.0	183.1
■	■	453	■	**Molex**	196	213	786	29.8	42.6	3.3
■	442	■	■	**Monfort Of Colorado**	208	1,373	67	14.4	25.3	3.4
149	83	69	76	**Monsanto**	6,427	6,299	4,307	369.0	886.0	51.5
■	■	■	343	**Montana Power**	1,692	489	601	88.6	121.4	2.9
380	■	■	■	**Moore Financial**	2,766	287	153	22.7	26.7	2.4
8	95	120	53	**J P Morgan**	58,023	5,764	2,742	460.0	491.0	12.8
■	305	■	■	**Morrison-Knudsen**	859	2,166	280	41.5	69.7	22.1
■	345	277	324	**Morton Thiokol**	1,184	1,830	1,289	98.0	157.8	17.3
326	146	44	130	**Motorola**	3,236	4,328	5,366	244.0	533.0	83.8
■	■	■	470	**Mountain Fuel Supply**	927	567	470	55.7	99.9	2.8
375	279	332	244	**Murphy Oil**	2,808	2,388	1,079	131.9	411.5	5.9
282	88	128	90	**Nabisco Brands**	3,625	5,985	2,603	322.6	460.8	62.4
■	■	286	405	**Nalco Chemical**	489	659	1,235	71.0	100.5	4.6
438	■	■	■	**Natl Bancshares Texas**	2,346	230	200	17.6	21.5	1.8
■	372	■	■	**National Can**	809	1,648	259	37.1	75.4	10.5
145	■	■	■	**National City**	6,586	631	351	41.4	53.3	4.2
■	292	403	427	**National Distillers**	1,973	2,267	879	66.7	134.5	12.0
396	228	490	■	**National Intergroup**	2,649	2,993	711	–120.8	–1.0	19.7
■	335	232	296	**Natl Medical Entrprs**	1,978	1,918	1,501	108.1	164.2	49.3

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Source: Media General Financial Services, Inc., Forbes.

Ranking The Forbes 500s

Where they rank: 1983										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	418	264	■	Natl Semiconductor	1,087	1,505	1,333	44.4	157.7	37.8
■	■	■	461	National Svc Inds	498	996	637	58.1	82.1	16.9
67	■	■	368	NBD Bancorp	13,245	1,151	538	81.7	96.9	6.8
71	470	494	335	NCNB	12,808	1,252	707	92.2	109.1	7.7
290	180	91	108	NCR	3,560	3,731	3,383	287.7	533.5	62.5
340	441	381	242	New England Electric	3,131	1,374	957	132.6	266.5	5.1
338	■	373	215	N Y State Elec & Gas	3,143	994	976	156.7	226.8	4.4
■	■	322	410	New York Times	774	1,091	1,111	70.3	117.6	8.6
485	■	219	488	Newmont Mining	2,091	721	1,537	52.9	109.3	7.0
188	257	204	95	Niagara Mohawk Power	5,358	2,632	1,638	312.4	451.6	10.5
392	294	■	■	NICOR	2,684	2,237	692	49.8	211.3	5.7
■	■	453	■	A C Nielsen	524	690	825	51.2	81.7	21.5
■	■	■	489	Nike	464	861	540	52.6	62.8	4.4
■	437	375	■	NL Industries	1,927	1,390	973	–18.8	110.0	14.8
■	■	473	■	Noble Affiliates	720	270	749	23.3	103.6	1.8
118	218	78	91	Norfolk Southern	8,172	3,148	3,972	315.4	549.4	37.7
190	■	■	458	Norstar Bancorp	5,351	472	432	58.3	67.2	5.2
458	177	319	331	North American Philips	2,252	3,800	1,114	93.6	169.2	51.2
309	■	■	■	Northeast Savings	3,373	337	44	–3.9	–1.9	8.6
226	339	297	143	Northeast Utilities	4,629	1,889	1,205	221.5	345.1	8.8
277	332	374	232	No Indiana Pub Svc	3,696	1,956	976	137.8	252.6	6.3
306	364	309	172	Northern States Power	3,395	1,696	1,164	183.9	374.6	7.5
148	■	■	■	Northern Trust	6,438	683	294	18.3	29.0	4.2
■	213	272	316	Northrop	1,596	3,261	1,312	100.7	210.5	36.3
■	299	376	■	Northwest Airlines	1,602	2,196	972	50.1	197.0	14.0
■	382	368	■	Northwest Industries	1,811	1,608	987	7.3	84.7	29.6
413	■	■	■	Northwestern Financial	2,489	271	156	17.5	25.1	3.0
■	■	482	■	Norton	1,043	1,128	727	28.7	77.4	20.2
46	287	386	256	Norwest	19,854	2,319	940	125.2	156.2	16.5
45	42	34	19	NYNEX	20,100	10,143	5,939	982.7	2,273.2	118.8
78	17	140	49	Occidental Petroleum	11,775	19,116	2,399	480.2	1,487.9	47.3
■	358	■	490	Ogden	1,053	1,728	571	52.5	95.3	45.0
■	■	■	470	Ohio Casualty	1,678	946	522	55.7	59.8	5.3
166	412	267	114	Ohio Edison	5,905	1,516	1,329	272.4	399.5	7.8
471	■	420	269	Oklahoma Gas & Elec	2,128	972	848	117.7	178.4	3.9
276	■	■	■	Old Kent Financial	3,706	349	174	32.4	40.3	2.6
440	■	■	■	Old Stone	2,316	266	89	15.4	18.2	1.3
■	333	478	401	Olin	1,829	1,935	737	71.7	205.0	17.9
■	246	335	376	Owens-Corning Fbrgls	1,640	2,753	1,071	79.7	196.0	22.8
353	201	344	366	Owens-Illinois	2,936	3,422	1,037	82.1	244.6	45.3
■	434	339	■	PACCAR	896	1,412	1,047	37.5	56.6	8.1
64	79	64	29	Pacific Gas & Electric	14,721	6,647	4,470	788.0	1,184.6	26.6
275	133	299	214	Pacific Lighting	3,719	4,586	1,202	157.2	280.2	10.7
230	386	248	111	Pacific Power & Light	4,451	1,598	1,396	277.1	486.5	9.2
■	402	■	■	Pacific Resources	637	1,550	141	11.1	20.4	0.8
51	66	45	33	Pacific Telesis Group	18,973	8,015	5,360	675.7	1,772.4	101.9
113	410	■	416	Paine Webber	8,314	1,527	496	69.5	82.6	9.9
357	178	428	■	Pan Am World Airways	2,910	3,789	837	–59.9	155.9	28.5
200	202	221	182	Panhandle Eastern	5,194	3,405	1,531	177.6	403.9	7.2
■	■	391	■	Parker-Hannifin	791	1,111	908	44.2	84.1	19.0

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Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	495	■	**Payless Cashways**	442	914	704	33.8	46.4	7.7
■	482	■	■	**Pay'N Save**	491	1,220	394	30.1	45.4	11.0
363	267	300	238	**Penn Central**	2,874	2,539	1,194	133.5	250.9	36.0
130	34	72	51	**J C Penney**	7,438	12,078	4,190	467.0	620.0	174.0
160	472	241	104	**Penn Power & Light**	6,049	1,248	1,451	296.0	403.9	8.2
287	288	193	204	**Pennzoil**	3,584	2,317	1,749	164.2	446.5	8.8
■	404	■	■	**Peoples Energy**	1,359	1,547	302	48.6	91.9	3.8
225	70	87	110	**PepsiCo**	4,638	7,896	3,579	284.1	544.8	143.5
■	■	280	498	**Perkin-Elmer**	899	1,067	1,269	51.8	84.3	14.2
■	■	468	■	**Petrolane**	835	960	757	–40.4	29.3	12.2
258	179	38	58	**Pfizer**	3,936	3,750	5,705	447.1	561.6	40.7
16	10	61	50	**Phibro-Salomon**	42,017	29,757	4,539	470.0	501.0	6.7
120	264	157	74	**Philadelphia Electric**	8,144	2,596	2,053	389.1	554.4	10.4
94	49	19	21	**Philip Morris**	9,667	9,466	8,967	903.5	1,230.5	70.0
69	22	46	30	**Phillips Petroleum**	13,094	15,249	5,286	721.0	1,706.0	29.0
354	164	216	188	**Pillsbury**	2,931	3,948	1,574	173.6	287.9	56.0
■	■	355	397	**Pioneer**	973	1,025	1,008	72.9	135.5	2.3
■	■	379	■	**Pioneer Hi-Bred Intl**	721	512	958	41.2	63.6	2.6
■	383	318	269	**Pitney Bowes**	1,473	1,606	1,120	117.7	193.2	26.5
■	480	■	■	**Pittston**	1,060	1,230	530	–71.8	–7.6	12.8
74	483	398	272	**PNC Financial**	12,245	1,218	889	117.0	129.7	6.4
■	478	■	■	**Pneumo**	486	1,235	422	39.0	55.6	9.3
■	467	343	■	**Polaroid**	1,319	1,254	1,037	49.7	101.5	14.2
437	■	■	208	**Portland Genl Elec**	2,348	586	575	162.7	237.2	3.2
376	498	349	231	**Potomac Elec Power**	2,807	1,170	1,028	140.1	237.9	5.4
284	183	138	129	**PPG Industries**	3,615	3,682	2,437	244.3	432.4	37.0
■	■	493	■	**Premier Industrial**	234	358	708	36.6	40.9	3.0
■	■	485	■	**Price Co**	191	789	725	17.8	20.5	1.7
■	330	■	■	**Primark**	1,471	1,967	242	31.2	86.0	4.2
■	■	426	■	**Prime Computer**	445	516	839	32.5	61.8	5.6
111	32	17	24	**Procter & Gamble**	8,361	12,633	9,469	886.0	1,219.0	63.1
332	■	■	341	**Provident Life & Acc**	3,194	1,149	612	89.2	100.5	4.1
76	■	■	■	**PSFS**	11,922	1,118	394	26.2	65.5	2.5
394	377	390	301	**Public Service Colo**	2,665	1,629	910	106.4	207.0	6.8
240	■	■	123	**Public Service Ind**	4,345	874	625	255.8	338.1	5.3
488	■	■	218	**Public Service N H**	2,086	463	425	151.7	172.7	2.4
414	■	411	273	**Public Service N M**	2,487	397	861	116.4	167.5	2.9
107	162	143	73	**Pub Svc Elec & Gas**	8,565	3,963	2,340	389.8	682.3	13.2
473	■	■	312	**Puget Sound Pwr & Lt**	2,127	518	628	102.0	146.4	2.4
■	237	302	237	**Quaker Oats**	1,629	2,919	1,179	134.7	199.0	26.2
152	■	■	■	**Rainier Bancorp**	6,413	696	380	47.2	60.2	5.3
483	116	124	122	**Ralston Purina**	2,098	4,964	2,651	261.3	371.2	57.7
■	■	475	■	**Raychem**	507	605	745	28.2	59.2	8.6
270	93	82	102	**Raytheon**	3,729	5,937	3,649	300.1	517.2	74.1
127	53	119	135	**RCA**	7,656	8,977	2,842	240.8	781.7	109.5
■	416	■	■	**Republic Airlines**	1,109	1,511	115	–111.0	–40.4	14.3
91	■	■	353	**Republic New York**	10,119	990	489	84.7	94.2	2.3
361	249	■	■	**Republic Steel**	2,876	2,701	506	–195.3	–52.0	25.3
50	360	423	265	**RepublicBank**	19,082	1,721	844	119.5	136.0	8.1
■	326	320	380	**Revco D S**	676	2,001	1,112	78.4	99.1	22.3

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Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
461	283	303	294	Revlon	2,215	2,379	1,179	109.0	185.3	31.2
92	40	28	27	R J Reynolds Inds	9,874	10,371	6,881	835.0	1,309.0	93.8
319	208	429	■	Reynolds Metals	3,293	3,341	836	–29.1	117.2	28.2
■	489	■	■	Richardson-Vicks	983	1,213	646	48.3	69.5	10.9
218	■	■	■	Riggs National	4,766	380	203	23.4	27.6	2.0
494	■	■	■	RIHT Financial	2,041	223	111	5.2	8.5	2.1
■	430	387	468	Rite Aid	510	1,432	938	56.1	78.2	15.0
■	469	250	321	Roadway Services	812	1,253	1,385	99.2	135.2	18.5
■	■	■	460	A H Robins	510	563	536	58.2	68.5	5.7
■	■	■	347	Rochester Gas & Elec	1,498	756	427	86.2	142.8	2.7
191	64	47	67	Rockwell International	5,339	8,309	5,098	410.7	657.7	101.5
■	340	217	233	Rohm & Haas	1,511	1,876	1,568	137.6	232.1	11.5
■	■	274	■	ROLM	812	549	1,307	34.1	52.8	7.3
455	281	273	314	Ryder Systems	2,257	2,384	1,309	101.1	365.9	21.4
303	374	347	239	Safeco	3,415	1,643	1,032	133.3	133.3	10.1
249	19	227	175	Safeway Stores	4,174	18,585	1,513	183.3	447.9	159.3
179	286	296	253	St Paul Cos	5,595	2,321	1,212	126.8	139.0	10.0
360	245	294	474	St Regis Paper	2,880	2,775	1,216	55.2	169.1	26.0
367	407	352	168	San Diego Gas & Elec	2,840	1,530	1,014	187.4	266.7	5.0
■	■	382	■	Sanders Associates	477	646	952	42.6	63.9	8.6
80	89	50	87	Santa Fe Southern	11,388	5,976	4,989	333.4	860.0	75.3
428	348	170	180	Schering-Plough	2,397	1,808	1,881	178.5	228.8	25.2
■	354	■	■	SCM	1,110	1,767	346	29.7	78.3	22.7
■	456	■	■	SCOA Industries	501	1,305	490	41.8	55.9	19.0
384	276	225	259	Scott Paper	2,723	2,465	1,522	123.7	270.1	17.8
■	■	151	291	G D Searle	1,343	946	2,165	110.0	153.4	12.6
11	8	7	14	Sears, Roebuck	46,176	35,883	13,163	1,300.8	1,658.4	426.8
17	147	171	119	Security Pacific	40,382	4,323	1,878	264.3	329.0	22.5
■	■	434	243	SEDCO	936	544	823	132.2	199.6	4.8
■	425	■	■	Service Merchandise	756	1,458	486	44.9	63.3	15.0
■	■	491	■	ServiceMaster Inds	95	701	710	25.6	29.8	6.1
■	■	443	■	Shared Medical Systems	158	211	807	27.3	42.4	2.2
173	■	■	■	Shawmut	5,755	586	261	32.9	43.6	5.4
39	16	10	9	Shell Oil	22,169	19,678	12,364	1,633.0	3,041.0	35.8
■	329	■	■	Sherwin-Williams	940	1,973	598	51.2	77.7	20.2
199	85	85	283	Signal Cos	5,203	6,151	3,592	114.0	222.0	48.8
■	275	■	■	Singer	1,420	2,478	468	16.2	68.5	56.5
334	242	55	48	SmithKline Beckman	3,170	2,835	4,706	486.0	578.7	30.9
243	■	■	■	Society	4,283	426	191	29.3	36.7	3.2
328	251	266	150	SONAT	3,222	2,687	1,330	210.2	406.6	6.6
435	■	■	307	So Carolina E & G	2,358	975	687	103.9	148.9	3.7
443	■	■	■	South Carolina Natl	2,308	250	170	25.4	33.5	2.8
101	■	■	480	Southeast Banking	8,883	867	429	54.5	88.3	6.8
81	138	77	32	Southern Calif Edison	11,292	4,464	4,004	690.8	980.2	16.0
63	107	79	39	Southern Company	15,034	5,418	3,759	583.5	1,093.7	30.4
470	494	354	263	So New England Tel	2,128	1,183	1,009	120.6	269.1	13.4
318	58	230	245	Southland	3,309	8,512	1,505	131.8	276.9	55.4
■	■	479	■	Southland Royalty	676	321	728	25.7	89.7	0.6
■	■	■	452	Southmark	919	379	296	59.4	66.4	3.0
348	■	■	■	SouthTrust	3,001	297	190	27.9	31.8	2.5

■ Not on 500 list

Source: Media General Financial Services, Inc., Forbes

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	447	■	Southwest Airlines	587	448	800	40.9	70.8	3.2
121	■	■	■	Southwest Bancshares	7,989	727	425	3.0	13.5	4.3
56	69	39	23	Southwestern Bell	18,360	7,904	5,686	892.7	1,991.1	94.8
■	■	471	317	Southwestern Pub Svc	1,398	754	753	100.4	145.6	2.4
134	■	■	437	Sovran Financial	7,187	811	517	62.9	82.1	8.2
187	111	135	196	Sperry	5,376	5,158	2,483	170.7	392.3	74.8
■	■	313	445	Square D	945	1,144	1,143	60.1	99.0	21.2
■	353	139	189	Squibb	1,946	1,769	2,417	173.3	207.7	23.9
■	347	■	■	A E Staley Mfg	1,155	1,815	669	10.8	77.7	4.5
32	12	11	10	Standard Oil Calif	24,010	27,342	11,813	1,590.0	3,757.0	40.9
28	11	6	7	Standard Oil Indiana	25,805	27,635	14,829	1,868.0	3,626.0	57.3
60	36	13	8	Standard Oil Ohio	16,362	11,599	11,082	1,731.0	2,929.0	46.9
■	■	464	■	Stanley Works	704	984	764	49.5	84.9	13.9
255	■	■	■	State Street Boston	4,044	443	251	38.5	43.1	3.7
478	450	327	■	Stauffer Chemical	2,119	1,326	1,104	–3.4	134.0	10.5
■	336	202	234	Sterling Drug	1,470	1,901	1,654	136.8	172.6	23.8
■	323	■	■	J P Stevens	1,164	2,043	365	23.5	78.2	34.6
■	244	■	■	Stop & Shop Cos	811	2,791	556	50.8	91.7	31.5
99	■	348	430	Student Loan Marketing	9,118	904	1,028	66.1	67.2	0.6
404	■	■	■	Suburban Bancorp	2,580	233	162	22.7	27.6	1.8
421	■	■	■	Sumitomo Bank Cal	2,454	251	64	8.8	13.2	1.6
100	■	■	■	Sun Banks	8,901	594	571	46.3	61.6	7.5
73	24	48	38	Sun Company	12,466	14,730	5,081	613.0	1,533.0	39.6
■	■	397	■	Sundstrand	917	909	892	51.4	106.6	13.3
■	468	■	■	Super Food Services	158	1,254	85	6.5	10.5	1.9
■	97	331	389	Super Valu Stores	1,062	5,750	1,079	75.0	126.2	24.1
195	349	57	193	Superior Oil	5,267	1,793	4,676	171.4	557.8	6.6
■	191	■	■	Supermarkets General	751	3,517	419	40.7	86.5	33.0
■	259	■	■	Swift Independent	307	2,624	151	22.0	34.6	6.2
■	310	462	■	Sysco	556	2,119	767	42.0	60.9	7.7
■	■	254	■	Tandem Computers	446	451	1,376	33.8	53.4	4.1
■	■	351	■	Tandon	356	344	1,015	27.3	36.4	4.3
■	255	62	106	Tandy	1,077	2,662	4,524	292.7	335.6	31.5
■	■	■	391	TECO Energy	1,649	677	654	74.3	125.3	3.8
■	■	■	474	Tecumseh Products	516	829	495	55.2	76.4	9.8
■	491	245	■	Tektronix	1,118	1,209	1,424	48.3	119.4	20.9
■	■	407	■	Tele-Communications	1,222	347	876	16.0	80.2	3.5
263	231	89	100	Teledyne	3,852	2,979	3,407	303.8	357.6	44.6
■	■	356	■	Telerate	127	75	1,007	22.8	29.7	0.2
■	496	451	■	Temple-Inland	1,209	1,175	788	48.2	112.6	10 0
57	26	37	31	Tenneco	17,994	14,449	5,714	716.0	1,696.0	96.5
■	■	456	■	Teradyne	253	251	782	21.4	36.0	3.6
■	222	■	■	Tesoro Petroleum	1,067	3,046	192	45.0	96.9	3.3
24	7	18	15	Texaco	27,199	40,068	9,292	1,233.0	2,950.0	57.5
■	473	■	■	Texas Air	1,178	1,246	86	–177.9	76.6	12.3
186	■	■	■	Texas American Bshs	5,409	528	389	34.9	53.0	3.3
48	369	265	184	Texas Commerce Bshs	19,499	1,668	1,333	177.0	201.0	8.1
223	108	224	217	Texas Eastern	4,644	5,393	1,522	154.6	374.0	6.4
387	135	94	■	Texas Instruments	2,713	4,580	3,331	–145.4	206.0	80.4
351	337	49	98	Texas Oil & Gas	2,970	1,894	5,010	306.6	491.7	3.4

■ Not on 500 list

Source: Media General Financial Services, Inc.; Forbes

Ranking The Forbes 500s

Where they rank: 1983				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
102	195	117	52	**Texas Utilities**	8,781	3,488	2,876	461.5	689.4	16.3
479	230	316	342	**Textron**	2,105	2,980	1,125	88.7	153.3	41.0
273	■	■	■	**Third National**	3,726	390	210	32.3	39.0	3.2
■	484	■	■	**Thrifty Corp**	478	1,217	349	23.0	38.1	14.0
■	■	401	■	**TIE/Communications**	359	324	881	35.1	42.4	1.2
■	471	■	■	**Tiger International**	1,114	1,250	117	–95.6	–13.5	12.0
450	247	105	227	**Time Inc**	2,273	2,717	3,095	143.2	233.7	17.1
430	274	129	178	**Times Mirror**	2,384	2,478	2,575	179.5	298.9	27.7
■	■	466	■	**Timken**	1,108	937	759	0.5	71.7	16.6
427	■	■	250	**Toledo Edison**	2,402	505	534	128.3	179.4	2.4
469	■	■	■	**Toledo Trustcorp**	2,151	196	144	20.7	24.2	1.5
329	■	437	324	**Torchmark**	3,217	1,133	812	98.0	115.6	6.4
■	270	■	■	**Tosco**	953	2,494	90	–81.0	–48.4	2.5
■	454	166	334	**Toys 'R' Us**	820	1,320	1,905	92.3	105.7	13.7
■	338	416	444	**Trans World**	1,473	1,889	855	60.2	124.2	70.0
382	204	■	■	**Trans World Airlines**	2,738	3,354	372	–35.9	185.0	27.5
84	129	161	186	**Transamerica**	10,952	4,681	2,001	175.9	318.7	28.8
283	174	394	240	**Transco Energy**	3,625	3,845	895	133.0	491.4	3.5
422	■	■	■	**TRANSOHIO Financial**	2,447	250	36	4.2	6.2	0.8
23	35	123	83	**Travelers**	32,876	12,002	2,658	342.6	382.5	29.1
■	389	285	402	**Tribune**	1,635	1,586	1,237	71.6	144.5	18.7
213	■	477	396	**Trust Co of Georgia**	4,850	545	743	73.0	86.9	4.6
316	104	116	158	**TRW**	3,321	5,493	2,895	199.6	392.8	86.7
■	■	402	310	**Tucson Electric Power**	1,868	367	880	103.4	148.1	1.1
■	361	■	■	**Turner Construction**	435	1,709	76	11.4	14.9	2.6
202	87	281	228	**UAL**	5,134	6,022	1,267	142.0	553.3	58.0
431	365	160	241	**Union Camp**	2,381	1,688	2,011	132.7	250.6	16.8
89	52	66	144	**Union Carbide**	10,295	9,001	4,422	220.0	697.0	101.4
198	436	293	112	**Union Electric**	5,206	1,401	1,219	276.2	368.5	7.3
465	■	■	■	**Union National**	2,185	197	112	13.7	23.4	2.0
90	63	35	65	**Union Pacific**	10,218	8,353	5,824	414.0	938.0	46.9
■	324	■	492	**Uniroyal**	1,486	2,040	572	52.3	110.8	20.7
261	■	■	■	**United Banks of Colo**	3,868	399	162	26.4	34.2	3.2
■	295	■	■	**United Brands**	1,005	2,232	193	–102.3	–69.4	43.0
388	155	■	■	**Utd Energy Resources**	2,710	4,035	692	28.9	299.4	3.9
295	■	■	■	**United Financial Group**	3,504	355	59	–1.7	0.0	0.7
■	■	■	372	**United Illuminating**	1,179	450	267	80.5	97.9	1.5
281	■	■	■	**United Jersey Banks**	3,635	343	195	23.8	28.5	2.9
397	■	■	■	**United Missouri Bshs**	2,639	219	185	25.7	32.7	2.0
147	■	■	491	**U S Bancorp**	6,511	653	410	52.4	61.7	5.5
■	381	366	374	**United States Gypsum**	1,194	1,611	990	80.3	127.7	16.1
■	432	439	404	**United States Shoe**	678	1,428	811	71.1	90.4	25.0
49	21	100	■	**United States Steel**	19,314	16,869	3,178	–1,161.0	8.0	98.7
■	■	317	409	**U S Tobacco**	373	383	1,122	70.6	81.2	3.7
439	■	■	■	**U S Trust**	2,333	235	153	18.4	23.3	1.6
58	72	43	22	**U S WEST**	17,370	7,705	5,372	894.0	2,098.5	93.5
104	25	68	46	**United Technologies**	8,720	14,669	4,334	509.2	909.7	188.8
209	269	181	138	**United Telecom**	4,945	2,511	1,793	232.6	659.4	28.3
185	■	■	■	**United Virginia Bshs**	5,415	563	371	51.5	63.5	5.0
98	43	40	36	**Unocal**	9,228	10,066	5,493	625.9	1,674.8	20.2

■ Not on 500 list

Source: Media General Financial Services, Inc.; Forbes

Ranking The Forbes 500s

Where they rank: 1983											
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
464	328	180	211	Upjohn	2,195	1,986	1,803	160.2	217.9	21.3
■	429	484	369	USAir Group	1,318	1,432	725	80.6	144.1	11.5
194	280	233	192	USF&G	5,279	2,387	1,498	171.5	178.5	9.2
336	■	■	385	USLIFE	3,158	931	534	76.5	85.8	3.0
368	■	282	226	Utah Power & Light	2,838	855	1,248	144.5	224.5	4.5
■	419	■	■	Valero Energy	1,477	1,495	466	44.7	77.5	1.8
451	■	■	■	Valley Fed Sav & Loan	2,272	241	43	1.6	4.9	1.0
119	■	■	■	Valley National	8,146	814	419	45.8	66.2	6.8
■	■	304	■	Varian Associates	600	791	1,177	47.1	59.9	13.1
■	■	367	266	VF	567	1,101	989	119.4	139.5	22.7
■	■	455	481	Vulcan Materials	735	820	783	54.2	120.9	5.9
124	■	498	354	Wachovia	7,850	781	697	84.6	96.0	6.4
■	130	42	160	Wal-Mart Stores	1,652	4,667	5,457	196.2	246.0	54.0
■	388	■	■	Waldbaum	314	1,587	79	13.9	33.8	7.0
■	277	305	400	Walgreen	796	2,447	1,172	71.9	97.8	31.7
■	350	51	179	Wang Laboratories	1,918	1,793	4,895	179.0	313.1	26.5
342	200	189	■	Warner Communications	3,122	3,425	1,763	–417.8	–316.4	21.9
356	220	142	156	Warner-Lambert	2,919	3,108	2,370	200.5	299.8	42.0
305	■	■	■	Washington Mutual Sav	3,400	324	81	7.3	10.7	1.0
311	■	■	■	Washington National	3,360	824	267	22.4	27.3	5.8
■	■	345	419	Washington Post	571	878	1,035	68.4	99.9	5.3
■	■	■	423	Washington Water Power	1,227	339	395	67.7	86.6	1.4
■	■	148	264	Waste Management	1,338	1,040	2,224	120.4	209.4	16.9
■	■	474	■	Weis Markets	339	892	745	50.1	64.0	10.0
25	229	384	216	Wells Fargo	27,018	2,980	946	154.9	205.3	16.7
■	■	419	474	Wendy's International	507	715	851	55.2	81.5	32.5
■	458	■	449	West Point-Pepperell	740	1,300	532	59.5	98.5	21.5
352	■	■	■	Western Savings & Loan	2,964	333	80	19.0	23.5	1.3
475	■	404	■	Western Union	2,123	1,045	878	–59.1	84.1	14.7
106	48	52	57	Westinghouse Elec	8,569	9,533	4,792	449.0	832.0	132.9
■	401	328	390	Westvaco	1,611	1,564	1,094	74.7	172.3	14.8
■	265	■	■	Wetterau	436	2,565	204	21.4	38.5	7.6
165	121	65	154	Weyerhaeuser	5,946	4,883	4,445	204.8	545.5	40.4
■	254	186	206	Whirlpool	1,466	2,668	1,772	163.0	224.3	20.8
■	321	472	498	White Consolidated	1,315	2,058	751	51.8	90.7	23.0
477	■	■	■	Whitney Holding	2,122	212	279	32.3	32.3	0.9
■	385	■	■	Whittaker	974	1,603	268	37.6	61.4	17.0
■	239	■	■	Wickes Cos	958	2,875	70	9.5	46.9	31.4
220	304	385	484	Williams Cos	4,686	2,167	944	54.0	244.6	7.2
■	316	■	■	Wilson Foods	264	2,085	51	–44.4	–34.3	8.7
■	74	298	281	Winn-Dixie Stores	1,129	7,133	1,204	114.3	235.1	66.5
412	433	383	220	Wisconsin Elec Pwr	2,491	1,418	948	150.0	263.6	6.2
■	■	■	479	Wisconsin Pwr & Lt	881	555	363	54.6	115.3	2.5
■	439	■	495	Witco Chemical	733	1,386	511	52.0	95.6	8.0
■	■	461	■	Wometco Enterprises	534	520	767	30.9	72.0	6.2
433	105	325	269	F W Woolworth	2,364	5,456	1,106	117.7	217.5	105.9
96	60	54	54	Xerox	9,297	8,463	4,707	459.2	1,307.4	107.0
■	260	459	440	Zayre	908	2,614	776	61.4	95.2	36.0
■	444	457	■	Zenith Radio	739	1,361	780	46.3	76.1	27.0
442	■	■	■	Zions Utah Bancorp	2,311	245	195	24.5	27.9	1.7

■ Not on 500 list.

Source: Media General Financial Services, Inc., Forbes.

The numbers that follow provide a glimpse of how The Forbes 500s fared in the stock market last year. They also include a wealth of information on yields and share performance. In addition, there are key financial ratios and earnings estimates for 1984, as well as a look at average trading volume and institutional ownership.

What every shareholder ought to know

THE TABLE THAT BEGINS on these pages doesn't provide all the information a shareholder needs to know. But it comes close.

What follows, in alphabetical order, is a passel of stock market information about every company listed at least once on the various Forbes 500s lists. The table, a new feature this year, provides 26 individual entries for each firm. Since 808 companies are ranked in this issue, that is a total of over 21,000 pieces of data.

Budding Wall Street wizards, of course, will spend hours poring over these columns. But the real purpose of this maze of numbers is to help put a company's stock performance in perspective. That can be useful to lots of people: current and potential shareholders, customers and suppliers, competitors, even takeover artists.

Think of these numbers as the equivalent of a baseball box score. To the uninitiated it seems dry and forbidding. But a good sportscaster can use its shorthand to convey a colorful picture of the real game.

So, too, with this table. To appreciate the potential, consider Advanced Micro Devices, the second entry. Other parts of this issue provide basic information about the company: It is a semiconductor manufacturer with 11,500 employees on a bit of a run. Market value is a whopping $1.8 billion, up 173.8% from 1982.

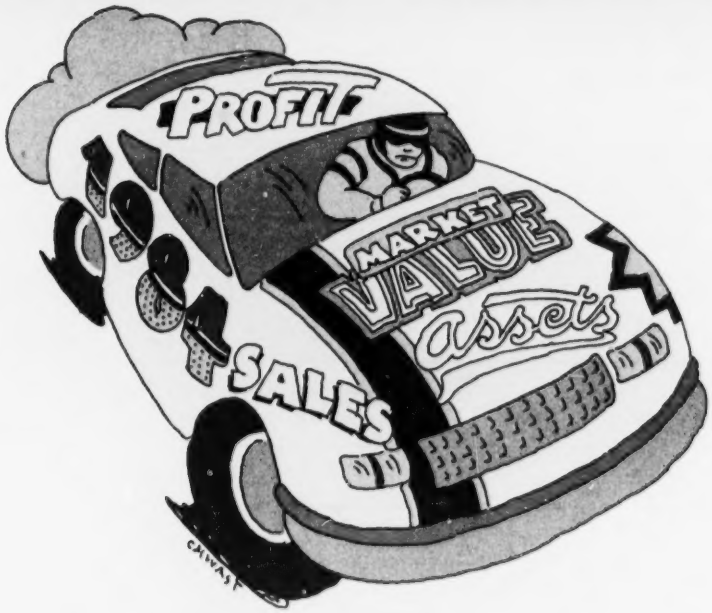
An additional insight comes from the numbers below. AMD shares, with a five-year high of 38 and a five-year low of 2, have surely made long-term holders rich. The current share price, however, is off over 9 from the long-term high, and percentage performance figures indicate that appreciation over the past 12 months is a nifty 63%.

Pay particular attention to the two ratios that follow: indexes of performance relative to market and industry group. The first figure, 156, indicates that AMD's shares have fared 56% better than the overall market over the past 12 months. The second, 151, reveals that this comparison is nearly as favorable relative to shares of other semiconductor firms. In 1983, then, AMD was a standout even among its competitors.

Are investors willing to pay big money for all this? The

	Stock price			Stock performance latest 12 months			Stock price ratios price/earnings			
Company/fiscal year-end	5-year high–low	12-month high–low	recent	price change	relative to market	relative to industry	5-year high–low	latest 12 months	1984 est	price/ sales
Abbott Laboratories/Dec	53–15	53–39	41⅛	–5%	91	98	19–10	15	12.4	1.72
Advanced Micro Devcs/Mar	38–2	38–16	28⅞	63	156	151	NM–8	35	15.4	4.28
Aetna Life & Cas/Dec	48–26	44–33	36½	–6	90	99	14–4	12	10.0	0.25
Affiliated Bshs Colo/Dec	19–7	19–13	17½	38	132	129	9–4	9	7.5	0.67
H F Ahmanson/Dec	41–8	41–20	24¼	–24	73	92	12–4	6	4.6	0.31
Air Prods & Chems/Sept	54–24	51–37	42⅞	2	98	75	14–6	13	9.7	0.82
Albertson's/Jan	30–8	30–22	24¼	1	97	113	14–6	11	9.8	0.19
Alco Standard/Sept	40–11	40–28	32¼	14	109	107	15–5	12	9.4	0.24

*From Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †From Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.



next set of numbers offers the answer. AMD now commands a premium multiple of 35 times latest 12-month earnings, though over the past five years this figure has ranged as low as 8. At the moment, what's more, the stock commands a top-tier multiple of 4.28 times 1983 sales.

Per-share earnings data are in the first three columns below, and AMD's trajectory looks impressive. The 1984 earnings projection, provided by Lynch, Jones & Ryan's Institutional Brokers Estimate System, is well above the 1983 figure. Wall Street analysts think AMD's profits will be up more than 50% in its next fiscal year.

Checking the next group of tables shows widows and orphans should avoid AMD. Like many fast-growing companies, it pays no dividends. So income-oriented investors should look elsewhere. But that isn't hard: Merely let your fingers run down the yield column of this table. Then check the next two entries. A low payout ratio hints at the potential for dividend increases, and a high five-year dividend growth rate indicates a generous policy with regard to gradually raising payouts.

Financial ratios is the next subject heading, and these two columns of information are raw material for many useful comparisons. AMD's impressive stock market performance, for example, clearly doesn't stem from high profitability. Net margins are a respectable, but unspectacular, 5.9%. Debt, on the other hand, is a relatively low 20% of total equity.

The final data group summarizes trading activity. Average weekly volume is a useful benchmark against which to evaluate current trading. If 10 million AMD shares had changed hands last week, for example, that would have been roughly 6 times the normal. A sophisticated investor will find out what triggered all the attention. The last column indicates how much sock is owned by professionals—a sign of strength if you think the big institutions are smart and a warning signal if you don't like to follow the herd. The pros, not surprisingly, like AMD's high-tech image.

The bottom line here, of course, doesn't read "buy" or "sell." That isn't the purpose of this table. With it, however, anyone can make investment decisions more wisely.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$2.37	$2.86	$3.34	$1.20D	2.9%	34%	33%	11.9%	34%	121.4	0.7%	46.7%
0.19	1.09e	1.87	—	—	NA	NA	5.9	20	53.9	2.9	51.7
3.50	3.06	3.64	2.64D	7.2	86	17	2.1	10	99.5	1.0	53.1
1.98	2.00	2.33	0.80D	4.6	40	17	7.7	48	9.5	0.6	29.4
–1.88	4.02	5.21	1.20	4.9	30	–5	5.1	31	27.7	2.3	74.6
4.01	3.42	4.39	1.00D	2.3	24	14	6.7	40	31.1	1.3	63.2
1.91	2.15	2.46	0.68	2.8	32	31	1.6	59	32.8	0.5	25.2
2.95	2.72	3.41	1.16D	3.6	41	19	2.1	38	21.6	0.5	33.2

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Alexander & Baldwin/Dec	30–8	30–18	25¾	42%	136	144	14–3	9	7.9	1.10
Allegheny Intl/Dec	55–15	36–22	25⅜	–14	82	81	60–2	NM	8.8	0.10
Allegheny Power/Dec	29–12	29–22	25¼	9	105	120	8–4	7	8.0	0.71
Allied Bancshares/Dec	27–6	27–17	23⅝	29	124	120	16–7	9	7.7	1.23
Allied Corp/Dec	62–29	58–42	52¾	22	117	114	9–4	9	6.9	0.28
Allied Stores/Jan	57–19	57–40	41	–6	90	102	10–5	7	6.2	0.23
Allis–Chalmers/Dec	39–6	19–12	12⅝	–16	81	78	10–5	NM	NM	0.13
ALLTEL/Dec	26–14	26–21	21¼	–4	92	104	10–6	8	6.9	0.65
Alcoa/Dec	49–22	49–31	41⅛	28	123	119	24–3	20	8.5	0.63
AMAX/Dec	69–18	33–22	26	12	108	104	21–5	NM	NM	0.75
Amdahl/Dec	30–8	30–15	18	–12	85	91	NM–15	19	11.8	0.90
Amerada Hess/Dec	55–12	35–21	30⅜	42	136	108	20–2	13	7.3	0.30
American Brands/Dec	63–24	63–46	56	15	111	100	9–4	8	7.3	0.69
Amer Broadcasting/Dec	70–26	70–50	54¾	–12	85	85	13–5	10	8.3	0.55
American Can/Dec	55–26	55–33	47⅝	39	133	116	32–5	13	10.6	0.30
American Cyanamid/Dec	59–21	59–40	47¾	13	109	83	17–6	14	10.3	0.66
American Elec Power/Dec	24–15	20–16	16⅞	–11	86	98	11–6	7	6.8	0.69
American Express/Dec	50–12	50–28	31	–26	71	90	14–5	12	10.3	0.64
American Fletcher/Dec	33–13	33–23	29	27	122	119	7–3	6	5.1	0.41
American General/Dec	26–8	26–19	21⅜	–4	92	101	11–4	7	6.8	0.36
American Greetings/Feb	29–5	29–20	24⅛	16	111	123	19–5	14	10.9	0.94
American Home Prod/Dec	55–21	55–43	52½	5	101	108	14–8	13	11.7	1.69
Amer Hospital Supply/Dec	49–16	49–33	35⅛	–22	75	103	19–9	12	10.6	0.79
American Intl Group/Dec	78–25	78–51	55½	–23	74	81	14–7	10	8.6	1.01
Amer Medical Intl/Aug	37–6	37–21	23⅜	–27	70	95	25–8	11	11.3	0.81
American Motors/Dec	11–2	11–6	5¼	–2	94	83	5–3	NM	8.1	0.14
American Natl Ins/Dec	25–10	25–18	23¾	25	120	132	10–4	7	7.6	0.92
Am Natural Resources/Dec	49–25	49–33	46¾	40	134	110	7–4	7	6.5	0.34
American Petrofina/Dec	72–24	63–47	60	11	106	84	13–3	12	NA	0.31
Amer Savings & Loan /Sept	26–3	26–10	10⅝	–47	51	64	14–3	5	3.6	0.19
American Security/Dec	32–11	32–26	31	15	110	107	7–3	7	6.5	0.70
American Standard/Dec	44–17	38–27	28⅛	–19	77	89	24–4	12	8.4	0.35
American Stores/Jan	44–7	44–24	33⅜	38	133	137	12–3	9	8.1	0.12
American Tel & Tel/Dec	NA	21–16	16⅜	NA	NA	NA	NA	3	9.1	0.23
Amerifin/Dec	34–14	33–29	32⅛	5	101	128	31–4	NM	NA	NM
Ameritech /Dec	NA	71–62	67⅛	NA	NA	NA	NA	6	7.2	0.72
AmeriTrust/Dec	50–23	50–35	41¾	20	115	112	9–4	7	6.3	0.68
Amfac/Dec	36–17	31–24	27½	–4	93	91	13–4	8	11.5	0.20
AMP/Dec	119–30	119–74	101¼	21	116	119	26–9	22	16.3	2.40
AMR/Dec	41–7	41–25	33¾	23	118	143	NM–4	7	6.5	0.34
AmSouth Bancorp/Dec	24–11	24–18	21½	18	114	110	8–4	7	6.5	0.63
Analog Devices/Oct	42–3	42–20	31¾	41	135	130	57–7	33	21.7	2.79
Anderson, Clayton /June	34–18	34–26	29¼	1	97	102	19–5	13	10.0	0.26
Anheuser-Busch Cos/Dec	77–19	77–55	57	–22	74	79	13–6	9	7.8	0.46
Apple Computer/Sept	63–11	63–17	26	–40	58	62	NM–10	20	34.6	1.57
ARA Services/Sept	55–24	55–43	43½	–6	90	106	13–5	10	8.2	0.17
Archer Danls Midland/June	25–7	25–19	20¼	0	96	101	19–5	26	10.7	0.41
Arizona Bancwest/Dec	19–10	19–15	17¾	19	115	111	9–5	8	7.2	0.59
Arizona Public Serv/Dec	27–15	27–18	18¼	–26	71	81	8–5	5	5.3	1.13
Arkla/Dec	30–8	30–17	23⅛	35	129	106	25–7	20	11.6	0.91

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$ 2.18	$ 2.88	$ 3.27	$1.20	4.7%	34%	12%	12.3%	52%	18.4	0.8%	22.8%
–1.07	–4.17	2.89	1.40D	5.5	NM	0	NM	150	11.2	1.1	37.8
3.41	3.54	3.16	2.60D	10.3	71	10	10.7	123	48.0	1.0	32.0
2.21	2.55	3.08	0.76	3.2	30	66	13.3	11	38.7	0.8	15.6
5.88	6.15	7.66	2.70D	5.2	44	5	3.3	55	53.5	1.4	48.8
4.41	6.28	6.54	2.00D	4.9	33	7	3.5	91	21.0	1.6	59.5
–17.24	–11.19	–0.52	—	—	NM	–17	NM	70	13.1	1.2	53.3
2.59	2.64	3.06	1.80	8.5	68	6	9.1	161	18.5	0.3	17.8
–0.15	2.03	4.85	1.20D	2.9	59	6	3.1	56	80.7	1.6	62.9
–6.53	–7.96	0.13	0.20D	0.8	NM	–11	NM	61	66.4	0.9	16.1
0.12	0.96	1.52	0.20	1.1	21	4	5.6	29	38.7	1.7	29.7
1.66	2.43	4.13	1.10	3.6	45	23	2.4	69	82.5	1.9	45.0
6.55	6.59	7.67	3.60D	6.4	55	18	8.2	28	54.9	0.5	20.6
5.38	5.45	6.55	1.60	2.9	29	10	5.4	16	29.3	1.7	70.7
1.12	3.58	4.48	2.90D	6.1	81	2	2.3	77	21.3	2.3	32.3
2.64	3.41	4.61	1.75D	3.7	51	3	4.7	33	49.0	1.7	58.3
2.03	2.44	2.46	2.26D	13.4	93	1	9.8	152	177.7	0.7	9.6
3.02	2.53	2.99	1.28D	4.1	35	12	5.3	59	201.4	1.6	52.8
3.92	4.66	5.66	1.40D	4.8	30	4	6.5	1	4.5	1.4	34.6
2.45	3.00	3.14	0.90D	4.2	30	54	5.0	60	66.5	1.4	46.9
1.54	1.87e	2.21	0.42	1.7	27	12	6.0	35	31.2	2.0	54.4
3.59	4.00	4.49	2.64D	5.0	60	17	12.9	0	155.9	0.9	47.2
2.36	2.86	3.32	1.00D	2.8	34	25	6.4	10	74.2	1.1	58.8
5.61	5.77	6.45	0.44	0.8	8	57	10.5	8	72.4	1.0	40.1
1.67	2.04	2.07	0.60D	2.6	23	37	7.6	140	47.7	3.1	–43.7
–4.23	–3.61	0.71	—	—	NM	NA	NM	469	82.2	1.9	5.7
2.38	3.22	3.11	0.96	4.0	30	16	12.4	0	29.0	0.7	13.2
6.01	7.03	7.18	3.16D	6.8	44	–1	5.1	100	24.5	0.7	38.7
5.03	5.10	NA	3.20D	5.3	63	10	2.7	51	10.9	0.1	0.3
–2.54	2.36	2.96	—	—	NA	NA	5.0	124	7.7	1.7	22.1
3.93	4.22	4.73	1.52D	4.9	33	7	9.4	4	7.5	0.3	12.5
1.30	2.27	3.35	1.60D	5.7	70	8	2.9	42	27.5	1.0	43.1
2.69	3.61	4.12	0.48	1.4	70	16	1.3	98	29.6	0.7	32.4
8.06	6.00	1.79	1.20D	7.3	20	NA	8.3	73	964.4	0.5	NA
–1.62	–1.87	NA	—	—	NM	7	NM	235	12.1	2.3	31.5
NA	11.03	9.31	6.00	8.9	54	NA	11.8	74	97.5	0.5	3.5
6.05	5.76	6.56	2.88D	6.9	52	7	8.9	0	9.3	0.9	44.8
2.16	3.40	2.39	1.44D	5.2	42	8	2.5	80	15.5	1.1	42.6
3.31	4.55	6.20	1.92D	1.9	35	35	10.8	6	35.8	1.1	75.1
–1.00	4.79	5.14	—	—	NA	NA	4.8	181	48.3	4.6	77.5
2.81	3.02	3.30	1.28D	6.0	39	10	9.0	23	10.9	0.2	30.9
0.55	0.97	1.46	—	—	NA	NA	8.6	18	18.7	0.6	41.5
4.46	1.75	2.93	1.32	4.5	75	7	1.6	8	12.3	0.3	20.8
5.61	6.50	7.31	1.76D	3.1	25	22	5.8	54	48.4	1.7	59.6
1.06	1.28	0.75	—	—	NA	NA	7.8	0	59.2	6.2	20.9
3.43	4.51	5.31	2.05D	4.7	46	7	1.7	50	11.9	0.9	58.8
1.94	1.01	1.89	0.14	0.7	13	7	1.9	33	89.3	1.5	45.2
2.13	2.17	2.45	0.80D	4.5	35	14	7.1	10	8.9	0.9	26.7
3.30	3.46	3.40	2.60D	14.2	74	9	24.7	104	66.3	1.2	14.0
1.90	1.18	2.02	1.04D	4.4	83	19	4.6	96	50.3	1.6	40.5

Source: Media General Financial Services, Inc.; Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Armco/Dec	42–15	23–17	19¼	3%	99	90	10–4	NM	9.1	0.31
Armstrong World Inds/Dec	34–12	34–22	27	–3	93	107	28–6	11	7.9	0.46
ASARCO/Dec	59–14	44–26	33⅛	–4	92	89	32–2	29	19.6	0.62
Ashland Oil/Sept	46–21	38–25	26¾	–6	90	72	26–4	13	7.2	0.09
Associated Dry Goods/Jan	72–16	72–49	51⅞	–6	90	102	12–5	9	7.7	0.21
Atlantic Bancorp/Dec	26–5	26–18	25½	41	135	131	9–3	9	8.3	0.86
Atlantic City Elec/Dec	26–15	26–20	20⅝	–2	94	107	12–5	6	6.5	0.69
Atlantic Richfield/Dec	74–28	53–38	45¾	18	114	90	11–5	8	7.1	0.45
Auto Data Processing/June	45–14	45–31	31½	–15	81	87	24–12	16	14.5	1.46
Avco/Nov	36–14	36–24	25¼	–23	73	93	12–4	6	5.6	0.21
Avnet/June	50–7	50–32	37⅜	–2	94	91	35–4	20	15.5	1.11
Avon Products/Dec	56–19	37–21	23⅝	–27	70	88	17–7	11	9.2	0.59
Bacardi/Dec	69–37	69–43	61	39	133	141	NA	10	NA	3.47
Baker International/Sept	54–16	26–16	20½	26	121	99	33–5	26	19.5	0.79
Baltimore Gas & Elec/Dec	34–18	34–28	31⅛	5	100	115	8–5	6	6.6	0.73
Banc One/Dec	28–7	28–20	21⅜	–6	90	88	11–4	8	7.4	0.99
BanCal Tri–State/Dec	49–15	49–29	48¼	60	154	149	24–5	23	13.8	0.60
Banco Popular PR/Dec	30–13	30–25	26¾	–5	91	88	NA	4	NA	0.41
BancOhio/Dec	33–12	33–17	30⅛	80	173	168	12–3	15	9.7	0.40
BancOklahoma/Dec	25–7	25–17	20¾	26	121	117	11–4	6	5.6	0.73
Bancorp Hawaii/Dec	27–12	27–21	22	–5	91	88	8–4	6	5.2	0.55
BancTexas Group/Dec	9–3	8–5	5	–15	82	79	NM–9	63	9.1	0.51
Bank of Boston/Dec	48–16	48–35	38	–6	90	88	6–3	5	4.7	0.28
Bank of New England/Dec	65–18	65–46	48	–3	93	91	9–3	6	5.2	0.34
Bank of New York/Dec	34–13	34–27	30	8	104	101	7–4	6	5.7	0.33
Bank of Virginia/Dec	38–10	38–25	36	44	138	134	7–4	7	6.5	0.52
BankAmerica/Dec	31–16	26–18	20¾	–3	93	91	12–5	10	6.9	0.23
Bankers Trust N Y/Dec	51–17	51–38	44½	9	104	101	7–2	5	4.9	0.30
Barnett Banks Fla/Dec	43–11	43–30	35½	14	109	106	11–4	8	7.1	0.56
Baxter Travenol Labs/Dec	31–9	31–16	17⅜	–33	64	87	22–11	11	10.4	1.33
BayBanks/Dec	40–12	40–33	37⅛	7	103	100	8–3	8	6.4	0.50
Beatrice Foods/Feb	36–16	36–25	32½	24	119	123	28–6	9	10.1	0.34
Becton Dickinson/Sept	55–22	54–34	33⅞	–26	71	97	20–7	23	11.2	0.63
Bell Atlantic/Dec	NA	79–65	71⅛	NA	NA	NA	NA	7	7.3	0.77
BellSouth/Dec	NA	98–84	93⅞	NA	NA	NA	NA	7	7.7	0.85
Beneficial Corp/Dec	36–15	36–21	28	26	121	153	11–5	7	6.3	0.40
Bergen Brunswig/Aug	40–3	40–21	24½	–22	75	83	25–4	16	12.7	0.21
Berkshire Hathaway/Dec	1,385–154	1,385–870	1,270	44	NA	NA	30–5	27	NA	2.34
Best Products/Jan	26–9	26–13	14⅛	–34	63	65	16–7	10	7.2	0.18
Bethlehem Steel/Dec	32–15	30–20	27⅞	23	118	107	10–3	NM	8.4	0.26
Big Three Industries/Dec	38–15	28–18	20⅞	3	99	76	26–7	20	12.3	1.32
Black & Decker/Sept	29–12	29–19	25⅜	28	123	129	42–7	29	11.7	1.02
Blue Bell/Sept	41–20	41–34	36	1	97	106	10–4	9	7.2	0.38
Boatmen's Bancshares/Dec	30–9	30–21	30	44	138	134	8–4	8	6.7	0.72
Boeing/Dec	50–15	50–36	39¼	–2	94	105	13–5	11	10.6	0.35
Boise Cascade/Dec	48–20	48–35	39⅜	–8	88	101	NM–4	21	8.8	0.30
Borden/Dec	61–20	61–50	55	0	96	99	12–4	10	7.3	0.37
Borg-Warner/Dec	28–7	28–19	19¼	–9	87	85	14–4	10	7.3	0.47
Boston Edison/Dec	30–19	30–25	27⅜	–1	95	108	8–5	8	7.1	0.39
Bristol-Myers/Dec	48–15	48–35	45½	25	120	129	16–8	15	13.1	1.58

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$–1.58	$–4.21	$2.10	$0.40	2.1%	NM	–7%	NM	67%	66.2	0.8%	21.9%
0.95	2.53	3.40	1.10D	4.1	43%	2	4.4%	17	24.8	1.1	67.0
–2.40	1.13	1.69	0.40D	1.2	35	–7	3.9	48	28.2	1.2	19.9
4.75	2.22	3.72	1.60D	6.0	90	9	1.2	62	27.6	0.9	22.8
4.31	5.95	6.76	2.20D	4.2	37	9	3.1	72	15.4	2.3	72.3
2.03	2.73	3.07	0.80	3.1	25	19	9.2	5	10.6	0.6	23.9
1.84	3.48	3.14	2.36D	11.4	66	8	12.8	93	17.2	0.5	11.7
6.61	6.03	6.44	3.00D	6.6	50	22	6.0	40	247.8	0.9	49.6
1.67	1.86	2.17	0.56	1.8	27	30	8.6	14	35.1	1.1	67.4
3.67	4.26	4.51	1.20D	4.8	28	7	3.5	277	22.9	1.7	46.5
1.61	1.43	2.41	0.50D	1.3	35	14	4.3	3	35.1	1.5	68.1
2.75	2.21	2.57	2.00D	8.5	90	–3	5.5	24	74.5	1.7	50.8
4.57	5.89	NA	2.55	4.1	43	28	33.5	11	10.0	0.1	0.7
3.60	0.81	1.05	0.92D	4.5	114	56	3.1	51	69.7	1.4	47.6
4.07	4.95	4.68	3.00D	9.6	58	6	13.2	102	38.6	1.0	32.4
2.18	2.55	2.88	0.96	4.5	38	14	11.8	24	33.1	0.4	12.4
2.00	2.10	3.50	1.20D	2.5	57	22	2.6	30	4.9	1.5	8.6
6.06	5.96	NA	1.80	6.7	30	14	9.1	NA	4.5	0.2	10.1
2.76	2.00	3.10	1.00	3.3	50	–6	3.0	5	8.0	1.2	24.6
2.80	3.33	3.71	0.80	3.9	24	6	11.7	17	4.5	0.5	11.7
3.53	3.58	4.18	1.24D	5.6	35	10	9.0	20	8.6	0.3	45.0
0.55	0.08	0.55	0.20	4.0	150	12	0.8	53	20.7	0.9	1.0
6.92	7.40	8.07	2.32D	6.1	29	15	5.2	30	18.3	0.9	45.1
7.93	7.45	9.14	2.60	5.4	35	16	5.3	23	4.4	0.8	30.6
4.15	4.72	5.22	1.84D	6.1	37	9	6.8	17	14.8	0.9	33.2
3.61	4.86	5.50	1.52D	4.2	31	7	7.1	23	6.0	0.7	24.5
2.60	2.18	2.98	1.52D	7.3	70	8	2.5	49	150.4	1.0	34.3
6.97	8.30	9.09	2.45D	5.5	30	11	6.4	26	29.7	1.6	51.0
3.32	4.31	4.99	1.20D	3.4	28	26	8.3	34	15.6	0.9	34.6
1.32	1.54	1.67	0.33D	1.9	19	41	11.8	16	141.2	1.3	55.7
5.18	4.91	5.76	2.20D	5.9	40	17	6.9	5	6.2	1.2	34.3
1.18	3.21e	3.60	1.70D	5.2	144	11	1.2	39	99.2	1.4	42.4
3.63	2.64	3.01	1.15D	3.4	43	11	3.2	46	20.7	1.4	27.1
NA	10.63	9.68	6.40D	9.0	60	NA	11.6	NA	98.3	0.5	NA
NA	14.20	12.09	7.80D	8.3	55	NA	12.8	NA	98.2	0.5	NA
2.73	3.96	4.41	2.00D	7.1	51	3	5.6	458	22.3	1.3	39.7
1.35	1.60	1.93	0.32	1.3	19	72	1.4	12	12.5	1.2	46.8
31.93	46.88	NA	—	—	NA	NA	8.3	12	1.1	NA	3.5
1.63	1.40	1.97	0.24	1.7	17	32	1.8	98	27.0	2.9	64.3
–9.60	–7.31	3.31	0.60D	2.2	NM	–5	NM	104	46.3	1.9	45.3
2.05	1.07	1.69	0.80	3.8	67	32	6.8	33	42.3	1.1	50.1
0.97	0.65	2.17	0.52D	2.0	80	0	2.4	29	47.0	1.7	55.8
3.35	3.95	5.00	2.00	5.6	46	6	4.1	13	10.9	0.9	45.6
3.58	3.74	4.45	1.35	4.5	36	8	9.0	22	5.9	0.5	20.4
3.02	3.67	3.76	1.40	3.5	38	7	3.2	11	96.9	1.7	45.0
0.26	1.91	4.44	1.90D	4.8	99	11	1.5	47	26.7	1.1	50.8
4.57	5.51	7.47	2.44D	4.4	44	8	3.7	27	29.1	0.9	45.2
1.95	2.03	2.71	0.84D	4.3	38	14	5.2	21	84.7	0.6	30.6
3.18	3.60	3.85	3.00D	11.0	80	4	6.3	138	15.0	0.6	10.0
2.59	3.00	3.48	1.60D	3.5	39	19	10.4	5	136.1	1.0	50.2

Source: Media General Financial Services, Inc.; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months price change	Stock performance: latest 12 months relative to market	Stock performance: latest 12 months relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Broadview Financial/Dec	15–2	9–4	6⅝	20%	116	146	4–2	2	NA	0.10
Brown-Forman Dist/Apr	45–16	38–25	25⅜	–28	69	73	15–7	7	6.5	1.06
Brown Group/Oct	40–7	40–28	29⅝	–13	83	103	13–4	9	7.9	0.41
Browning-Ferris Inds/Sept	48–8	48–33	34½	–10	86	102	20–7	14	11.7	1.36
Brunswick/Dec	32–5	32–13	25	83	176	205	NM–4	9	6.8	0.44
Burlington Inds/Sept	43–15	43–27	28½	–18	79	79	16–5	7	5.9	0.27
Burlington Northern/Dec	55–9	55–36	44⅜	21	116	110	12–3	8	6.6	0.73
Burroughs/Dec	88–27	58–44	49⅛	5	100	108	44–8	11	8.8	0.52
Cabot/Sept	37–10	31–24	25¾	–6	91	69	15–5	13	10.6	0.53
CalFed/Dec	NA	30–15	15⅛	NA	NA	NA	8–5	4	3.0	0.20
California First Bnk/Dec	18–12	17–16	16⅛	0	96	93	15–4	9	NA	0.37
Campbell Soup/July	64–25	64–44	62	31	125	104	13–6	11	10.6	0.61
Capital Cities Comm/Dec	158–37	158–12	139¾	1	95	96	19–7	16	13.8	2.46
Capital Holding/Dec	40–16	40–3[illegible]	35	–4	92	101	10–5	8	7.2	0.57
Carnation/Dec	59–21	59–44	53½	13	108	112	11–5	10	8.6	0.55
Carolina Pwr & Lt/Dec	25–15	25–20	21¾	–5	91	104	8–5	7	6.3	0.82
Carter Hawley Hale/Jan	25–11	25–18	21½	2	94	106	14–6	7	8.8	0.21
Carteret Savings/Sept	NA	11–9	10	NA	NA	NA	2–2	2	NA	0.13
Castle & Cooke/June	20–7	20–12	17	36	131	108	47–6	23	15.9	0.31
Caterpillar Tractor/Dec	73–33	51–37	50⅛	12	107	104	11–7	NM	17.6	0.88
CBS/Dec	82–33	82–62	69⅛	2	98	99	13–6	11	8.9	0.46
CBT/Dec	38–12	38–27	28¼	–3	93	90	9–3	6	5.3	0.42
Celanese/Dec	80–39	80–53	71½	29	124	95	12–4	11	7.2	0.34
Centel/Dec	40–21	40–31	33⅛	–12	85	96	10–6	8	7.3	0.72
Centerre Bancorp/Dec	29–16	29–19	23¾	21	116	113	11–4	9	6.6	0.37
Central & South West/Dec	21–11	21–17	18	–2	93	112	7–5	6	5.7	0.63
Central Bancorp/Dec	33–16	33–25	31¾	27	122	119	8–4	7	7.2	0.58
Central Bancshares/Dec	25–9	25–17	23⅝	39	133	130	8–3	7	6.4	0.56
Central Fidelity Bks/Dec	24–7	24–12	21⅛	29	124	121	8–4	7	6.0	0.56
Central Ill Pub Svc/Dec	17–10	17–14	15⅛	3	98	112	9–6	6	7.4	0.69
Central Maine Power/Dec	17–11	17–13	13⅞	–18	79	90	9–6	6	6.1	0.56
Central Soya/Aug	21–9	17–14	15⅜	3	93	98	13–5	9	8.5	0.15
Centran/Dec	30–12	24–16	22½	34	129	125	11–2	9	6.9	0.29
CFS Continental/Sept	26–4	26–18	23⅛	7	103	85	16–4	12	10.5	0.17
Champion Intl/Dec	30–12	29–21	25½	–4	92	105	55–5	21	8.3	0.33
Charter/Dec	50–5	14–8	9⅞	–14	82	65	24–0	5	13.1	0.03
CharterCorp/Dec	47–21	47–28	46½	66	159	155	10–5	10	NA	0.73
Chase Manhattan/Dec	62–29	62–41	50¼	–6	91	88	8–3	5	4.2	0.20
Chemical New York/Dec	56–22	56–39	48	–1	95	93	6–3	5	5.0	0.29
Chesebrough-Pond's/Dec	47–19	43–35	35⅛	–11	86	107	13–6	10	9.0	0.74
Chrysler/Dec	36–3	36–17	26⅝	57	150	133	15–6	6	2.2	0.25
Chubb/Dec	72–31	72–65	67⅜	16	NA	NA	10–4	10	8.3	0.47
CIGNA/Dec	55–31	52–38	41¾	–13	83	92	8–4	8	7.6	0.26
Cincinnati G & E/Dec	21–11	19–11	12⅛	–36	62	70	9–4	4	4.4	0.37
Cincinnati Milacron/Dec	47–10	39–25	25	–14	82	86	57–4	NM	32.9	1.01
Citadel Holding/Dec	18–10	15–10	13⅜	7	NA	NA	8–5	6	3.2	0.21
Citicorp/Dec	46–17	46–31	34¾	–16	80	78	8–4	5	5.0	0.25
Citizens & Sthrn Ga/Dec	16–5	16–12	15	19	114	111	9–4	8	7.0	0.67
Citizens Southern SC/Dec	29–7	29–18	26	49	143	139	10–4	9	7.6	0.89
Citizens Fidelity/Dec	35–10	35–26	32⅜	25	120	116	10–4	9	8.0	0.96

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$–8.55	$2.74	NA	$0.01	0.2%	0%	–16%	4.1%	370%	3.0	1.6%	10.1%
3.76	3.35e	$3.90	0.88D	3.5	23	25	15.7	11	25.2	0.5	39.7
2.78	3.20	3.72	1.28D	4.3	33	18	4.5	19	20.7	0.8	36.8
2.05	2.40	2.95	0.96D	2.8	32	28	9.4	31	32.6	1.1	39.6
0.65	2.92	3.68	0.60D	2.4	18	15	5.4	38	21.3	2.7	47.0
1.85	3.10	4.81	1.64D	5.8	49	2	3.0	40	28.6	1.4	52.8
2.28	5.40	6.66	1.00D	2.3	15	22	9.2	47	74.3	1.7	52.8
4.10	4.49	5.58	2.60	5.3	58	14	4.5	25	45.1	2.1	56.9
2.77	2.00	2.43	0.92D	3.6	46	33	4.1	36	32.2	0.3	48.9
0.23	3.94	4.96	—	—	NA	NA	5.2	268	20.4	5.8	48.4
1.10	1.78	NA	1.08D	6.6	59	5	4.0	4	10.3	NA	79.6
4.64	5.12	5.86	2.30	3.7	43	8	5.0	23	32.3	0.4	54.7
7.25	8.53	10.09	0.20	0.1	2	4	15.0	38	13.4	0.9	70.5
3.98	4.38	4.84	1.48D	4.2	32	16	7.8	36	25.9	0.8	46.2
5.21	5.47	6.21	2.40	4.5	40	13	5.8	12	34.9	0.8	53.3
3.17	3.21	3.42	2.52D	11.6	76	6	14.5	129	61.8	1.1	23.3
3.17	3.21	2.44	1.22D	5.7	38	4	1.9	85	35.3	1.1	46.5
–3.41	5.10	NA	—	—	NA	NA	6.6	571	6.8	1.7	19.7
0.22	–0.33	1.07	—	—	NM	–13	NM	56	28.1	1.9	31.5
–2.04	–3.12	2.85	1.50D	3.0	NM	–1	NM	57	94.8	1.3	54.9
5.29	6.31	7.71	2.80D	4.1	44	2	4.2	16	29.7	1.5	63.8
5.36	4.45	5.30	1.64	5.8	37	13	6.6	20	8.7	0.7	31.9
–2.45	6.52	9.95	4.00D	5.6	61	9	3.4	71	15.6	1.9	54.4
3.96	4.12	4.54	2.32D	7.0	55	7	8.9	123	27.6	0.7	35.0
3.05	2.74	3.57	1.80D	7.6	66	8	4.2	28	7.6	1.0	17.9
2.82	3.02	3.17	1.90D	10.6	63	7	11.3	99	88.1	1.0	37.8
4.04	4.26	4.38	2.00D	6.3	46	7	7.8	13	5.2	0.4	12.9
3.07	3.52	3.70	1.20	5.1	34	5	8.4	8	6.8	0.3	9.4
2.37	3.02	3.50	1.00D	4.7	31	13	8.1	33	8.0	0.2	11.3
1.81	2.33	2.05	1.62D	10.7	69	5	11.7	97	33.2	0.8	18.2
2.02	2.51	2.27	1.96D	14.1	75	5	11.4	124	18.3	0.4	2.3
1.28	1.62	1.80	0.84D	5.5	52	4	1.6	25	14.5	1.0	25.4
–10.69	2.53	3.23	0.40D	1.8	16	–11	3.2	60	3.9	2.0	39.7
1.71	1.87	2.20	0.40	1.7	19	17	1.4	61	8.5	1.4	34.3
0.45	1.22	3.05	0.40D	1.6	33	–9	1.9	64	55.0	1.2	57.1
0.85	1.86	0.75	1.00	10.1	54	51	0.6	72	16.6	1.7	2.4
3.15	4.60	NA	1.96	4.2	43	8	7.3	28	4.2	0.2	17.7
7.29	10.44	11.94	3.65D	7.3	35	13	4.2	45	34.5	2.0	52.9
7.68	9.03	9.49	3.54D	7.4	39	12	5.5	36	30.0	1.3	55.4
3.56	3.58	3.91	1.92D	5.5	51	21	7.6	20	35.6	1.3	49.2
–1.28	4.27	12.10	0.15	0.6	4	–27	3.9	NM	122.1	3.2	34.2
6.03	6.84	8.13	3.12	4.6	46	13	4.8	NA	12.4	NA	60.9
6.38	5.26	5.47	2.60D	6.2	18	NA	4.2	8	73.5	1.2	60.4
2.75	2.94	2.77	2.16D	17.8	73	3	10.7	137	41.8	2.2	21.7
0.53	–0.46	0.76	0.72D	2.9	NM	21	NM	30	22.7	0.5	30.0
NA	2.11	4.20	—	—	NA	NA	3.3	NA	3.2	NA	1.3
5.60	6.48	6.94	1.88D	5.4	30	12	5.0	233	124.2	2.0	61.9
1.66	1.89	2.13	0.64D	4.3	31	92	8.5	34	30.7	0.9	25.7
2.48	2.96	3.42	1.00D	3.8	29	19	10.1	8	6.9	0.3	16.3
3.11	3.57	4.08	1.38D	4.2	34	23	10.5	0	8.1	0.5	41.0

Source: Media General Financial Services, Inc.; Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
City Federal S & L/Dec	16–2	16–9	10⅛	–19%	78	98	16–7	4	3.6	0.19
City Investing/Dec	42–13	42–30	35⅜	11	107	105	11–5	9	7.0	0.22
City National/Dec	35–7	35–25	26¼	–1	95	92	19–5	11	8.8	0.92
Cleveland Elec Illum/Dec	23–14	23–17	17⅜	–15	81	93	9–5	5	5.4	0.94
Clorox/June	37–8	37–25	26½	–9	87	92	15–6	9	8.6	0.70
Coastal Corp/Dec	60–14	39–19	34⅞	85	177	145	14–2	9	7.4	0.12
Coca-Cola/Dec	58–29	58–46	54⅞	7	103	97	14–8	13	11.5	1.10
Colgate-Palmolive/Dec	25–11	25–20	23¼	2	98	103	11–5	10	9.2	0.39
Colonial Penn Group/Dec	28–11	28–20	23⅜	3	99	108	15–3	8	7.6	0.30
Colorado Natl Bnkshs/Dec	19–6	19–15	16¾	13	109	105	9–4	7	5.5	0.58
Colt Industries/Dec	57–17	57–35	47½	36	130	126	14–4	12	9.1	0.72
Columbia Gas System/Dec	47–25	37–28	35⅞	19	114	94	9–5	7	7.6	0.27
Columbia S & L/Dec	NA	15–4	10½	100	NA	NA	NA	2	NA	NA
Combined Internatl/Dec	44–16	44–29	32	–2	94	103	11–5	8	7.4	0.71
Combustion Eng/Dec	55–16	38–29	29⅞	–16	80	78	17–4	13	10.8	0.32
Comerica/Dec	32–17	32–24	27¼	11	107	104	7–4	7	5.9	0.36
Commerce Bancshrs/Dec	47–18	47–35	45½	33	128	124	7–4	7	6.0	0.71
Commerce Union/Dec	25–8	25–15	21¾	46	140	136	9–4	7	7.1	0.34
Commonwlth Edison/Dec	29–16	29–22	22⅛	–17	80	91	11–5	5	5.2	0.82
Computervision/Dec	53–3	53–32	36¼	–9	87	93	47–6	29	20.8	2.56
ConAgra/May	37–7	37–26	32	12	107	113	15–4	12	8.7	0.25
Consolidated Edison/Dec	26–10	26–21	23⅞	7	103	118	6–4	6	6.0	0.56
Consolidated Foods/June	29–10	29–20	27⅛	23	119	98	10–5	9	8.6	0.24
Consol Freightways/Dec	61–18	61–46	46⅞	–11	86	91	14–4	10	8.2	0.47
Consol Natural Gas/Dec	38–18	38–26	37¼	38	132	108	10–5	10	8.2	0.45
Consumers Power/Dec	24–10	22–10	11¼	–47	51	58	7–4	4	3.5	0.33
Continental Bancorp/Dec	31–15	31–26	28¼	3	99	96	7–4	8	6.6	0.72
Continental Corp/Dec	38–21	38–26	29⅜	–15	81	89	NM–4	NM	8.4	0.37
Continental Group/Dec	37–17	37–26	33¾	26	121	106	10–5	9	7.4	0.30
Continental Illinois/Dec	43–15	26–18	18¼	–21	76	74	19–4	7	6.1	0.17
Continental Telecom/Dec	26–13	26–19	20½	6	102	116	11–6	8	7.3	0.68
Control Data/Dec	64–14	64–34	36⅝	–25	72	77	15–4	9	7.3	0.30
Convergent Technolgs/Dec	40–7	40–12	16	–48	50	53	NM–17	40	19.5	3.55
Cooper Industries/Dec	62–19	38–26	31⅜	9	105	102	30–7	25	14.1	0.73
Adolph Coors/Dec	29–10	29–15	15¼	0	96	101	13–5	6	5.9	0.48
CoreStates Financial/Dec	36–12	36–27	31⅝	16	111	108	8–3	6	5.3	0.48
Corning Glass Works/Dec	90–39	90–60	63	–10	86	95	28–7	22	10.7	0.84
Cox Communications/Dec	55–14	55–39	42½	–8	88	89	21–9	15	13.7	1.96
CPC International/Dec	45–24	42–34	37⅜	8	103	109	11–6	9	8.0	0.45
Cray Research/Dec	58–8	58–37	44	–5	91	98	57–12	25	18.1	3.78
Crocker National/Dec	42–21	35–23	26⅞	–7	90	87	11–3	NM	8.5	0.21
Crown Central Petrol/Dec	49–9	30–17	20¼	10	106	84	NM–1	47	4.7	0.08
Crown Cork & Seal/Dec	39–23	39–32	37	3	99	87	10–5	10	8.1	0.38
Crown Zellerbach/Dec	63–15	39–27	35¼	16	111	97	26–6	14	37.3	0.35
CSX/Dec	28–12	28–19	22⅞	14	110	104	13–5	11	7.2	0.56
Cullen/Frost Bankers/Dec	34–11	34–20	32¼	54	147	143	11–5	NM	NM	0.71
Cummins Engine/Dec	82–26	82–51	79½	48	142	138	NM–3	32	6.9	0.46
Dana/Dec	33–12	33–21	25⅝	13	109	96	25–5	13	8.2	0.51
Dart & Kraft/Dec	77–40	77–63	72¼	3	93	97	10–6	9	8.1	0.41
Data General/Sept	49–10	49–27	46⅝	57	151	162	43–10	40	20.9 e	1.27

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$0.98	$2.60	$2.76	$0.20	2.0%	8%	NA	4.9%	352%	12.9	2.9%	43.3%
3.43	3.85	5.03	2.00D	5.7	46	17%	2.9	143	36.8	1.7	44.1
1.92	2.29	2.97	0.88	3.4	38	67	8.1	8	7.6	0.6	3.4
3.01	3.28	3.19	2.40D	13.8	70	5	20.3	112	64.2	1.0	17.1
1.91	2.70	3.06	1.04D	3.9	36	10	7.2	22	26.2	1.8	31.5
2.65	3.93	4.70	0.40	1.1	10	4	1.5	188	20.9	2.0	31.8
3.95	4.10	4.75	2.76D	5.0	65	10	8.2	18	136.1	1.0	45.5
2.41	2.28	2.52	1.28D	5.5	55	5	3.8	20	82.0	1.3	33.1
1.82	2.89	3.08	1.40	6.0	48	11	3.8	0	16.1	1.3	38.4
2.23	2.27	3.04	0.70D	4.2	31	24	7.9	46	9.8	0.6	22.8
3.24	4.01	5.20	2.20D	4.6	50	18	6.3	32	24.5	0.8	51.4
5.10	4.87	4.69	3.18D	8.9	62	6	3.8	89	38.7	0.7	34.8
3.74	5.69	NA	—	—	NA	NA	NA	72	5.8	NA	NA
3.29	3.99	4.31	2.00D	6.3	50	24	10.6	5	27.4	0.9	41.1
4.77	2.29	2.76	1.84D	6.2	80	24	2.5	13	33.1	1.0	32.3
3.54	4.18	4.62	2.00	7.3	45	14	6.2	18	10.4	0.4	29.5
6.37	6.59	7.50	1.16	2.5	18	9	10.3	9	5.3	0.1	14.5
2.14	3.31	3.05	0.80	3.7	24	0	5.2	51	3.9	0.9	19.1
3.75	4.39	4.31	3.00	13.3	68	4	17.3	121	165.4	1.2	26.1
1.18	1.24	1.74	—	—	NA	NA	8.8	17	28.3	2.3	50.0
2.59	2.94e	3.69	1.14D	3.6	36	36	2.1	74	18.4	0.6	27.6
3.55	4.16	3.98	2.12D	8.9	45	15	10.4	75	129.5	0.8	23.9
2.70	2.88	3.19	1.30D	4.7	39	13	2.6	29	56.9	1.1	39.0
4.08	4.85	5.70	1.80	3.8	36	11	4.8	14	13.5	1.4	72.3
3.90	3.87	4.60	2.16D	5.7	52	9	4.7	62	40.7	0.3	20.9
3.16	3.12	3.17	2.52D	22.4	79	2	11.7	145	86.2	1.3	11.1
4.26	3.63	4.25	2.04	7.2	56	12	9.3	19	8.3	0.3	9.6
2.04	0.19	3.50	2.60D	8.9	NM	10	0.4	11	49.2	1.1	55.4
3.20	3.67	4.54	1.88D	5.6	47	4	4.1	53	42.3	0.9	56.7
1.95	2.46	2.99	2.00D	11.0	81	10	2.3	74	40.2	1.7	47.0
2.15	2.45	2.79	1.64D	8.0	67	7	8.1	146	66.0	1.3	37.5
4.11	4.20	5.00	0.66	1.8	14	113	3.5	214	38.1	2.6	60.7
0.42	0.40	0.82	—	—	NA	NA	9.1	1	36.2	6.0	50.7
2.75	1.28	2.22	1.52D	4.8	119	35	3.8	14	42.9	1.0	47.9
1.15	2.55	2.56	0.40	2.6	14	8	8.0	0	35.0	2.3	16.1
4.59	5.49	5.99	1.86	5.9	32	11	10.6	34	15.6	0.8	31.9
1.95	2.82	5.88	2.32D	3.7	82	6	3.7	31	21.1	1.1	57.4
2.31	2.75	3.09	0.30	0.7	11	15	12.7	36	28.3	0.5	37.5
4.80	3.94	4.65	2.20D	5.9	55	14	4.8	15	48.5	0.9	42.3
1.38	1.77	2.43	—	—	NA	NA	15.4	23	14.6	2.7	60.0
3.59	–0.63	3.17	2.40	8.9	NM	7	NM	17	20.4	0.7	78.4
0.92	0.44	4.42	0.80	3.9	NM	19	0.2	55	6.3	0.3	3.7
3.15	3.83	4.57	—	—	NA	NA	4.0	4	13.2	0.6	42.0
–0.21	2.54	0.94	1.00D	2.8	39	–6	3.2	66	27.0	1.3	36.8
2.24	2.07	3.15	1.04D	4.5	48	9	5.1	52	142.6	1.1	40.8
3.68	–3.16	–0.48	0.94	2.9	NM	38	NM	15	7.1	1.2	17.6
0.21	2.50	11.47	2.00D	2.5	80	4	1.5	57	9.4	1.8	49.1
0.79	1.97	3.13	1.12D	4.4	55	6	3.8	29	55.9	1.0	56.6
7.56	7.92	8.91	3.84D	5.3	48	8	4.5	22	54.8	0.9	52.2
0.92	0.96	2.23	—	—	NA	NA	2.8	30	22.6	4.8	75.2

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Dauphin Deposit/Dec	36–14	36–28	29¾	5%	NA	NA	9–4	7	NA	0.75
Dayton-Hudson/Jan	41–9	41–29	29⅜	–12	85	96	16–6	12	9.7	0.41
Dayton Power & Light/Dec	19–11	19–11	14⅛	–20	77	88	9–4	5	5.1	0.56
Deere/Oct	50–22	42–31	33⅛	–10	86	83	NM–7	64	14.0	0.57
Delmarva Power & Lt/Dec	20–10	20–16	18⅛	11	106	121	9–5	7	7.4	0.83
Delta Air Lines/June	51–16	50–29	36½	–27	70	85	NM–5	NM	8.4	0.40
Deluxe Check Printers/Dec	48–14	48–36	37⅞	–10	87	102	14–7	11	9.9	1.37
Deposit Guaranty/Dec	43–21	43–30	41¾	39	134	130	8–4	8	6.7	0.57
Detroit Edison/Dec	16–10	16–13	13¼	–6	90	103	8–5	6	6.1	0.73
Diamond Shamrock/Dec	40–17	27–18	19	–15	82	65	22–6	15	8.9	0.60
Digital Equipment/June	132–49	130–64	91⅜	–28	69	74	26–8	20	17.3	1.21
Walt Disney/Sept	85–33	85–47	63⅜	–17	80	88	31–9	26	20.0	1.67
Dominion Bankshares/Dec	24–10	24–15	21⅜	31	125	122	9–4	9	6.9	0.55
Dominion Resources/Dec	24–14	24–20	21½	–4	92	105	9–5	7	6.6	0.68
Donaldson, Lufkin/Dec	25–3	25–14	15⅞	–34	63	77	17–4	10	9.5	0.27
R R Donnelley & Sons/Dec	48–12	48–32	36¼	5	101	119	16–6	12	10.5	0.91
Dorchester Gas/Aug	29–5	22–10	22⅛	116	207	169	22–4	27	21.3	0.28
Dover/Dec	39–10	39–28	32	10	106	98	18–6	15	11.8	1.13
Dow Chemical/Dec	40–20	38–27	31½	14	109	84	26–5	22	9.9	0.56
Dow Jones/Dec	57–8	57–35	36½	–10	87	99	32–10	20	16.8	2.70
Dresser Industries/Oct	57–12	26–16	21⅛	30	125	102	NM–6	NM	18.2	0.48
E I du Pont/Dec	56–30	56–40	47½	18	113	86	13–6	10	7.9	0.32
Duke Power/Dec	26–14	26–22	24⅛	7	102	117	7–5	6	6.4	0.99
Dun & Bradstreet/Dec	70–15	70–51	56⅛	–7	89	105	24–9	19	15.8	1.96
Duquesne Light/Dec	19–11	19–13	13⅝	–17	80	91	10–6	6	6.2	0.99
E-Systems/Dec	45–4	45–22	23½	–17	80	77	29–5	14	11.8	0.83
Eastern Air Lines/Dec	13–4	12–4	5⅞	–41	56	68	5–3	NM	NM	0.05
Eastern Gas & Fuel/Dec	33–14	26–17	22¼	13	108	104	14–5	12	10.6	0.42
Eastman Kodak/Dec	98–43	87–64	66⅛	–23	74	88	27–6	19	10.9	1.08
Eaton/Dec	57–20	57–33	48¾	42	136	120	52–4	14	8.7	0.58
Jack Eckerd/July	35–13	35–24	25¼	–19	78	81	18–7	12	10.4	0.41
EG&G/Dec	38–6	38–27	28⅞	–7	89	86	25–8	19	14.6	0.96
El Paso Electric/Dec	16–8	16–11	11	–19	77	88	8–4	4	4.4	1.17
Electronic Data Syst/June	42–5	42–25	28⅛	–3	93	100	40–9	24	21.6	2.59
Emerson Electric/Sept	69–30	69–55	62	6	101	104	16–8	14	11.8	1.22
Emhart/Dec	34–12	34–24	29½	17	112	110	10–4	9	7.8	0.44
Engelhard/Dec	45–17	45–30	33¼	0	96	86	16–6	12	10.0	0.42
ENSERCH/Dec	40–11	27–18	20⅛	12	107	88	26–6	19	8.8	0.32
Entex/June	24–10	24–17	19⅝	–5	91	75	11–5	7	6.5	0.30
Equimark/Dec	12–4	6–4	4	–22	75	73	58–3	NM	40.0	0.06
Equitable Bancorp/Dec	21–5	21–13	17	33	128	124	13–3	13	10.0	0.35
Esmark/Oct	46–8	46–31	43	31	126	131	26–5	12	10.2	0.42
Ethyl/Dec	29–9	29–18	23¾	25	120	92	11–4	8	7.6	0.54
Evans Products/Dec	24–4	20–6	6⅞	–50	48	54	9–2	NM	NM	0.07
Exxon/Dec	44–24	40–30	37⅞	27	122	96	7–4	7	6.3	0.36
Farm & Home Savings Assn/Dec	NA	NA	14¼	NA	NA	NA	NA	NA	NA	0.35
Farm House Foods/Mar	7–2	7–4	4½	–1	95	106	NM–4	NM	7.5	0.02
Farmers Group/Dec	49–21	49–32	38	–10	86	95	13–8	9	8.2	1.63
Federal Co/May	33–13	33–24	33¼	18	113	117	23–4	11	7.3	0.25
Federal Express/May	49–5	49–32	33¾	–17	80	85	25–9	14	11.2	1.47
Fedl Natl Mortgage/Dec	30–6	30–15	16	33	64	72	53–4	14	6.7	0.12

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Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$3.52	$4.12	NA	$1.80	6.1%	44%	NA	5.7%	16%	4.6	NA	NA
2.06	2.52	$3.01	0.65D	2.2	26	14%	3.5	47	96.6	1.0%	55.7%
2.65	2.80	2.75	2.00D	14.2	71	4	12.9	123	37.7	1.9	13.6
0.78	0.10	2.36	1.00D	3.0	NM	–1	0.2	38	67.7	1.2	58.6
2.13	2.45	2.44	1.80D	9.9	67	5	13.1	120	29.7	0.9	13.0
0.52	–2.18	4.34	0.60	1.6	NM	35	NM	122	39.8	3.3	56.1
2.84	3.37	3.83	1.36	3.6	40	28	12.2	3	22.4	0.9	42.4
5.06	5.55	6.20	2.14	5.1	39	13	7.6	15	3.2	0.2	9.5
1.75	2.21	2.15	1.68D	12.7	76	2	15.8	171	127.8	0.6	8.6
2.37	1.23	2.13	1.76D	9.3	143	5	2.8	67	127.0	2.0	40.3
7.53	5.00	5.30	—	—	NA	NA	6.6	3	56.5	4.2	74.0
3.01	2.70	3.17	1.20D	1.9	44	72	7.1	25	34.6	2.5	56.9
1.79	2.50	3.07	1.08D	5.1	43	7	6.5	26	9.7	0.9	17.5
2.97	3.28	3.24	2.56D	11.9	74	5	10.2	123	82.9	1.0	20.0
1.41	1.61	1.67	0.28	1.8	17	16	2.8	42	12.4	1.7	10.7
2.40	3.00	3.49	1.00D	2.7	27	17	7.4	2	38.2	0.8	62.7
1.01	1.01	1.04	0.16	0.7	16	17	1.3	90	17.4	2.9	19.1
2.51	2.18	2.71	0.74	2.3	33	26	7.7	7	35.6	0.9	44.0
1.14	1.45	3.19	1.80D	5.7	120	9	2.7	56	196.1	1.0	45.6
1.41	1.79	2.17	0.72	2.0	34	17	13.2	11	64.1	0.3	29.7
2.19	0.06	1.16	0.80D	3.8	NM	17	0.1	24	79.3	1.3	49.9
3.75	4.70	6.00	2.80D	5.9	60	–1	3.2	55	238.6	0.6	34.0
3.39	3.77	3.78	2.36D	9.8	62	7	17.8	105	98.1	1.1	46.9
2.53	2.97	3.55	1.60	2.9	52	26	10.4	0	56.4	0.6	61.3
1.96	2.20	2.20	2.06D	15.1	90	3	18.1	138	58.4	0.6	6.7
1.21	1.65	1.99	0.50	2.1	24	15	6.0	12	29.2	1.5	38.9
–5.89	–11.40	0.02	—	—	NM	NA	NM	NM	35.8	2.7	13.6
2.85	1.87	2.10	1.30D	5.8	70	13	3.6	71	22.8	1.4	39.6
7.12	3.41	6.05	3.55D	5.4	104	11	5.6	5	165.6	1.6	47.5
0.69	3.40	5.58	0.80D	1.6	24	–5	4.1	42	30.1	1.2	60.1
1.90	1.91	2.42	1.00D	4.0	50	29	3.1	2	37.5	1.1	50.5
1.38	1.53	1.98	0.40D	1.4	24	53	5.2	5	30.0	0.8	40.2
2.30	2.48	2.51	1.40D	12.7	55	7	28.9	105	32.3	1.1	18.4
0.86	1.05	1.30	0.34	1.2	30	15	9.3	12	58.0	0.5	30.8
4.37	4.42	5.26	2.30D	3.7	48	15	8.7	9	68.5	1.0	52.7
3.26	3.37	3.75	1.40D	4.7	42	5	5.0	29	24.9	0.6	39.7
2.41	2.73	3.32	0.64D	1.9	22	–3	3.5	16	26.8	0.6	29.6
2.70	1.05	2.27	1.60D	8.0	152	20	2.0	88	54.7	0.9	37.1
2.25	2.65	3.01	1.20	6.1	41	23	4.3	96	21.9	0.6	31.4
–0.54	–3.55	0.10	—	—	NM	–13	NM	143	4.7	0.6	5.2
1.21	1.34	1.70	0.72	4.2	54	33	2.8	34	6.8	0.4	17.0
3.18	3.66	4.19	1.04D	2.4	25	10	2.9	69	40.4	1.1	41.4
2.14	2.85	3.11	0.85D	3.6	30	9	6.5	45	40.6	0.7	38.7
–1.94	–5.00	–2.58	—	—	NM	0	NM	206	13.7	1.1	52.9
4.82	5.78	6.00	3.20D	8.4	55	17	5.5	16	859.4	0.4	29.5
NA	NA	NA	NA	NA	NA	NA	NM	NA	6.9	NA	NA
0.01	0.50e	0.60	—	—	NA	NA	NM	NM	8.6	1.4	1.9
3.69	4.02	4.65	1.52	4.0	38	26	17.3	0	34.0	1.5	51.4
3.13	3.76e	4.57	1.64D	4.9	44	11	2.3	16	8.2	0.7	29.2
2.04	2.70e	3.00	—	—	NA	NA	8.8	49	44.1	3.2	68.5
–2.20	1.15	2.38	0.16	1.0	14	14	0.9	NM	65.4	2.7	66.6

Source: Media General Financial Services, Inc.; Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Federated Dept Strs/Jan	69–21	69–48	48⅞	–14%	82	93	15–5	7	6.9	0.27
Fidelcor/Dec	40–9	40–28	37¼	34	128	125	11–3	4	5.4	0.37
Fidelity Union Bncp/Dec	49–22	49–31	49⅛	57	150	146	14–3	11	8.0	0.55
Fin Corp of America/Dec	33–2	33–16	18	–20	77	97	28–3	4	3.1	0.43
Fin Cp Santa Barbara/Dec	19–3	12–6	7⅝	–9	87	110	NM–3	NM	16.2	0.15
Firestone/Oct	24–6	24–16	17½	–7	90	98	NM –5	9	6.7	0.22
First Alabama Bshs/Dec	39–17	39–27	35½	22	118	114	8–4	7	6.1	0.79
First American/Dec	21–8	21–16	19½	19	114	111	8–4	7	6.1	0.51
First Atlanta/Dec	26–5	26–16	23	41	135	131	8–3	8	7.0	0.71
First Bank System/Dec	61–28	61–45	51¾	15	110	107	7–4	6	5.9	0.40
First Boston/Dec	67–5	57–36	39⅛	–18	79	96	11–NA	6	6.7	0.30
First Chicago/Dec	28–11	28–21	24¾	14	110	107	10–4	6	5.7	0.30
First City Bancorp/Dec	41–16	25–17	19¾	–5	91	88	12–4	16	7.0	0.39
First Commerce/Dec	26–7	26–19	22	19	114	111	17–3	15	6.6	0.87
First Empire State/Dec	40–9	40–26	31¾	17	112	109	20–3	17	NA	0.40
First Executive/Dec	18–1	18–10	12⅛	–9	87	96	27–6	12	9.0	0.40
First Federal Mich/Dec	10–7	10–7	7⅛	NA	NA	NA	NA	2	NA	0.09
First Florida Banks/Dec	19–4	19–12	18¼	57	151	146	9–3	9	7.6	1.02
First Hawaiian/Dec	43–23	43–31	41½	34	128	125	7–4	7	6.1	0.52
First Interstate Bancp/Dec	47–22	47–35	39⅛	5	101	98	9–4	7	5.9	0.37
First Kentucky Natl/Dec	31–10	31–19	29	51	145	141	10–4	9	7.9	0.84
First Maryland Bncp/Dec	29–13	29–21	23½	–15	81	79	6–4	6	6.1	0.37
First National Cinc/Dec	48–22	48–36	45¾	27	122	119	8–4	8	7.1	0.81
First Natl State Bcp/Dec	42–16	42–33	38⅜	12	108	105	6–3	5	4.8	0.43
First Natl Supermkts/Mar	24–4	24–8	8¼	–52	46	54	11–2	12	2.5	0.02
First of America Bnk/Dec	33–12	33–19	30½	53	147	143	7–3	6	4.9	0.31
First Oklahoma Bncp/Dec	27–11	21–11	12⅜	–24	73	70	13–5	NM	7.2	0.38
First Pennsylvania/Dec	15–2	9–5	6½	37	131	128	19–11	NM	65.0	0.20
First Security/Dec	27–14	27–21	22⅛	–4	92	90	16–4	13	6.1	0.51
First Tennessee Natl/Dec	26–10	26–20	22⅝	11	107	104	8–4	7	5.8	0.49
First Union/Dec	44–10	44–30	38	25	120	117	8–3	7	6.1	0.58
First Virginia Banks/Dec	20–6	20–15	16½	9	105	102	9–3	7	6.5	0.77
First Wisconsin/Dec	24–10	24–17	21¼	19	114	111	6–3	6	5.3	0.34
Fischbach/Sept	56–20	56–41	46	–5	91	85	9–5	7	7.1	0.13
Fleet Financial/Dec	54–15	54–39	48½	25	120	117	8–3	8	6.4	0.64
Fleetwood Enterprise/Apr	42–3	42–21	24⅞	0	96	112	NM–4	10	7.3	0.68
Fleming Cos/Dec	31–8	31–23	24¼	–13	84	93	14–5	11	9.2	0.09
Flickinger/July	32–6	32–20	32⅛	60	153	170	12–4	13	11.9	0.11
Florida Federal S&L/June	23–13	23–13	15⅞	NA	NA	NA	25–14	NA	NA	0.43
Florida Natl Banks/Dec	42–11	42–30	39¾	28	123	120	16–5	11	9.3	0.78
Florida Power & Lt/Dec	42–20	42–35	36⅝	–3	93	107	8–5	7	6.8	0.62
Florida Progress/Dec	23–11	23–18	19⅛	2	98	112	9–5	7	7.0	0.60
Fluor/Oct	71–11	24–16	21¾	9	104	97	26–5	17	18.4	0.32
FMC/Dec	49–22	49–35	43¼	18	114	110	10–5	9	8.1	0.40
Food Lion/Dec	15–2	14–9	10¾	–16	81	94	32–8	20	7.8	0.48
Ford Motor/Dec	47–11	47–25	37¾	42	136	120	5–2	4	2.9	0.15
Fort Howard Paper/Dec	62–18	62–45	51¼	2	98	86	16–7	14	11.6	2.05
Foster Wheeler/Dec	30–7	17–13	14	1	95	92	19–5	11	10.6	0.31
Freeport-McMoran/Dec	33–10	26–16	25⅛	47	141	108	22–9	23	13.3	2.35
Fruehauf/Dec	51–15	51–31	38¾	21	116	103	NM–4	NM	6.3	0.23

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$4.79	$6.96	$7.02	$2.20	4.5%	32%	7%	3.9%	33%	48.7	1.1%	57.6%
5.47	8.66	6.92	2.20	5.9	25	–10	8.6	34	5.2	1.4	38.8
0.74	4.40	6.15	2.80	5.7	64	3	4.9	9	3.8	0.9	14.1
1.19	5.13	5.85	0.68	3.8	13	82	12.3	205	41.3	4.0	57.3
–2.22	–5.14	0.47	—	—	NM	–13	NM	NA	4.4	1.5	7.6
1.37	2.03	2.61	0.80D	4.6	30	–10	2.6	30	48.4	1.3	51.1
4.32	5.14	5.80	2.00D	5.6	39	10	11.5	16	7.7	0.6	32.2
2.35	2.82	3.17	1.00	5.1	35	29	7.3	29	6.5	0.5	15.0
2.40	2.97	3.26	0.76	3.3	24	21	9.6	39	16.5	0.3	24.3
7.66	8.46	8.67	2.96D	5.7	35	11	6.6	47	15.0	1.1	58.7
7.20	6.53	5.80	2.00	5.1	31	68	5.0	18	11.2	1.7	16.8
3.33	3.92	4.34	1.32D	5.3	31	3	5.0	23	44.5	0.8	49.5
3.52	1.23	2.82	1.30	6.6	NM	28	2.4	15	32.2	0.8	27.2
2.16	1.51	3.31	1.20D	5.5	65	23	6.0	11	8.3	0.4	6.7
4.11	1.85	NA	1.00D	3.1	54	75	2.3	35	2.9	0.7	3.4
0.79	1.00	1.34	—	—	NA	NA	3.3	0	43.9	2.7	26.0
NA	3.20	NA	—	—	NA	NA	4.2	6	8.6	1.5	50.5
1.60	2.13	2.38	0.40	2.2	17	1	12.2	17	15.6	0.4	15.9
5.73	6.31	6.75	2.60	6.3	41	9	7.9	41	3.3	0.1	22.1
5.35	5.76	6.61	2.24	5.7	39	21	5.5	56	40.9	0.7	56.1
2.87	3.35	3.66	1.30	4.5	39	17	9.7	6	8.9	0.3	43.2
4.50	3.65	3.85	1.50	6.4	41	10	5.7	35	5.2	1.1	19.6
5.40	5.70	6.42	2.60D	5.7	46	8	10.1	22	4.5	0.3	17.6
6.58	7.27	7.90	2.64D	6.9	35	5	9.0	17	5.8	0.5	4.2
2.68	2.20e	3.25	0.25	3.0	1	0	0.6	140	2.9	1.3	23.4
4.13	5.21	6.15	1.32	4.3	25	8	5.2	64	4.3	0.4	14.5
1.87	–4.50	1.72	—	—	NM	NA	NM	22	9.8	0.7	49.7
–1.29	–1.10	0.10	—	—	NM	NM	2.9	127	16.2	1.7	11.8
4.42	1.75	3.63	1.10	4.9	63	11	4.1	59	12.1	0.5	29.1
3.24	3.31	3.86	1.40D	6.2	39	28	7.1	29	9.2	0.6	28.2
5.01	5.39	6.23	1.36	3.6	24	9	9.9	27	11.3	1.1	31.1
2.00	2.30	2.55	0.76D	4.6	30	10	10.7	28	12.6	0.8	8.5
3.43	3.78	4.02	1.10D	5.2	29	5	6.1	27	8.5	0.4	24.0
5.82	5.96	6.48	2.65	5.8	40	18	2.0	26	3.6	1.4	35.8
6.12	6.37	7.51	2.40D	4.9	35	14	9.1	100	7.5	0.6	30.6
1.33	2.67e	3.39	0.30	1.2	20	2	3.5	0	23.6	2.4	43.7
1.98	2.27	2.64	0.72D	3.0	31	13	0.9	59	17.8	0.6	34.8
2.09	2.42	2.70	0.66	2.1	28	17	0.8	44	4.8	0.4	14.9
NA	0.92	NA	—	—	NA	NA	1.4	63	9.4	4.8	11.7
2.28	3.51	4.26	0.96	2.4	27	18	6.9	0	7.9	0.7	20.9
4.77	5.02	5.40	3.60D	9.8	71	15	9.4	121	55.3	1.3	44.6
2.20	2.64	2.73	2.04D	10.7	74	13	7.8	148	41.3	1.1	27.0
2.05	1.28	1.18	0.80	3.7	63	20	1.9	41	78.7	0.8	16.4
4.56	5.02	5.35	1.80D	4.2	36	8	4.8	29	32.7	0.7	51.1
0.42	0.53	1.38	0.04	0.4	8	54	2.4	23	52.4	0.1	5.5
–3.64	10.29	12.75	1.20	3.2	5	–20	4.5	39	181.2	1.9	57.4
3.43	3.78	4.40	1.48D	2.9	33	36	13.6	22	31.5	0.5	41.1
1.67	1.30	1.32	0.44D	3.1	34	11	2.9	8	34.1	0.8	20.8
0.99	1.11	1.88	0.60D	2.4	47	18	11.5	65	73.4	1.1	32.8
–2.47	0.42	6.12	0.40	1.0	95	–13	0.4	89	12.5	1.7	60.4

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Gannett/Dec	48–17	48–33	36¼	–16%	80	92	20-9	16	12.9	1.73
GATX/Dec	46–21	37–26	30	–3	99	106	30–5	25	9.9	0.47
GEICO/Dec	66–7	66–43	56	19	114	125	14–3	13	10.3	1.31
Gelco/July	37–15	23–16	17⅛	–12	85	100	12–4	NM	15.3	0.25
General Cinema/Oct	46–8	46–32	36¼	7	103	114	15–5	12	NA	0.44
General Dynamics/Dec	62–14	62–41	48	–4	100	111	16–4	9	7.1	0.38
General Electric/Dec	59–22	59–46	52¾	0	96	99	13–7	12	10.2	0.89
General Foods/Mar	55–24	55–39	48¾	14	109	115	9–5	8	7.2	0.31
General Instrument/Feb	67–9	60–23	24⅞	–55	43	41	21–7	18	9.9	0.80
General Mills/May	58–19	58–42	46⅜	–15	82	86	12–6	9	8.1	0.40
General Motors/Dec	81–34	81–56	66½	12	107	94	54–5	6	4.1	0.28
General Public Utils/Dec	19–3	10–7	7⅞	2	98	111	28–5	7	5.9	0.19
General Re/Dec	73–19	73–54	57¼	–19	77	85	17–5	13	11.1	1.56
General Signal/Dec	54–25	54–41	44¾	5	101	120	18–7	14	10.9	0.81
Genl Tire & Rubber/Nov	39–11	39–29	34⅛	–2	98	107	20–6	11	7.6	0.34
Genuine Parts/Dec	32–13	32–25	26	–13	84	93	17–8	14	11.1	0.68
Georgia-Pacific/Dec	35–13	32–21	23½	–15	82	93	55–8	24	7.8	0.37
Giant Food/Feb	25–4	25–18	22⅞	3	99	116	16–4	8	7.6	0.17
Gibraltar Financial/Dec	17–3	16–8	8¾	–14	83	105	8–4	4	3.7	0.23
Gibraltar Savings/Sept	29–7	29–20	25	23	119	150	10–2	5	5.4	0.35
Gillette/Dec	52–18	52–41	48⅛	–1	95	119	11–4	10	8.8	0.68
Glendale Federal S&L/June	NA	14–8	9⅛	NA	NA	NA	12–9	8	3.5	0.20
Golden West Finl/Dec	31–5	31–15	17¼	–3	93	117	9–3	5	4.2	0.39
B F Goodrich/Dec	44–16	44–29	32⅞	–12	85	83	NM –3	64	8.3	0.24
Goodyear/Dec	37–11	35–25	26½	–8	88	96	12–4	8	6.3	0.29
Gould/Dec	44–19	44–26	30⅛	–11	86	88	25–9	17	12.7	1.02
W R Grace/Dec	64–26	50–38	41¼	1	97	74	16–5	13	9.5	0.32
W W Grainger/Dec	66–25	66–47	54½	15	110	122	18–7	15	12.1	0.89
Great Amer Fed Savings/Dec	NA	13–10	10⅜	NA	NA	NA	NA	NA	NA	0.24
Great Atl & Pac Tea/Feb	14–4	14–10	13¾	18	114	132	25–14	16	14.5	0.10
Gt Northern Nekoosa/Dec	42–19	42–28	40⅛	33	128	112	13–5	12	9.4	0.64
Gt Western Financial/Dec	32–10	32–18	19⅜	–22	75	95	15–4	9	5.3	0.35
Greyhound/Dec	28–11	28–21	25	1	97	95	20–4	17	8.0	0.56
Grumman/Dec	34–7	34–22	22⅞	–15	82	91	26–3	6	5.8	0.29
GTE/Dec	48–22	48–35	37⅜	–6	90	102	10–6	7	6.8	0.55
Guarantee Fincl Calif/Dec	11–3	10–6	6½	–19	78	98	9–3	11	5.2	0.15
Gulf/Dec	76–23	76–31	75¾	143	234	185	9–3	15	12.5	0.34
Gulf & Western Inds/July	33–11	33–23	31⅛	25	120	118	10–4	9	9.1	0.60
Gulf States Utils/Dec	16–9	16–12	12⅛	–13	84	96	8–5	5	5.3	0.71
Gulfstream Aerospace/Dec	24–15	24–15	19¼	NA	NA	NA	15–9	12	10.7	1.11
Halliburton/Dec	86–21	47–30	42	39	133	109	20–5	16	11.6	0.90
Hammermill Paper/Dec	50–18	50–30	47½	38	132	115	15–4	15	13.1	0.26
Harris Bankcorp/Dec	75–22	75–33	74⅜	125	216	210	14–4	16	12.7	0.54
Harris Corp/June	60–20	49–29	29⅛	–38	60	58	32–10	16	13.8	0.65
Hartford National/Dec	28–7	28–21	21⅞	2	98	96	7–3	6	5.2	0.52
G Heileman Brewing/Dec	44–7	44–21	24½	10	NA	NA	14–4	13	9.8	0.58
H J Heinz/Apr	40–12	40–27	35½	21	116	96	13–6	11	9.5	0.68
Hercules/Dec	43–15	43–29	33	–6	90	69	16–5	12	8.6	0.66
Hershey Foods/Dec	35–9	35–26	28½	1	97	92	11–4	9	7.9	0.52
Hewlett-Packard/Oct	48–11	48–34	36⅞	–9	87	103	29–11	21	17.1	2.00
Hilton Hotels/Dec	60–22	60–43	52	17	112	117	17–6	16	12.2	2.04

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Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$2.26	$2.35	$2.85	$1.28D	3.5%	50%	20%	11.3%	30%	80.0	0.6%	68.9%
2.22	1.22	3.01	1.20D	4.0	172	4	1.8	290	13.1	1.0	52.2
3.67	4.48	5.43	0.88	1.6	16	41	10.9	38	20.4	0.5	63.3
2.51	–1.46	1.12	0.56	3.3	NM	26	NM	NM	13.9	1.2	56.9
2.14	3.03	NA	0.64D	1.8	18	27	6.1	53	11.3	0.8	39.9
2.92	5.30	6.72	1.00	2.1	18	13	4.0	2	55.9	1.6	30.9
4.00	4.45	5.15	2.00D	3.8	40	9	7.6	8	454.2	0.6	45.3
5.73	6.14e	6.72	2.40D	4.9	40	9	3.5	39	52.0	1.0	54.2
3.34	1.30e	2.51	0.50	2.0	15	99	10.7	6	31.5	3.5	47.5
4.89	5.12e	5.71	2.04D	4.4	38	18	4.4	38	47.9	1.2	57.2
3.09	11.84	16.17	4.00D	6.0	34	–13	5.0	17	314.8	1.1	35.2
0.55	1.10	1.32	—	—	NA	–26	2.7	139	61.3	1.0	13.6
4.66	4.26	5.14	1.44	2.5	34	61	11.6	8	45.1	1.1	75.1
3.85	3.16	4.11	1.68D	3.8	53	20	5.7	9	28.5	0.8	50.5
2.50	3.06	4.45	1.50D	4.4	49	4	3.0	29	21.5	0.7	34.6
1.85	1.91	2.33	1.02	3.9	47	19	5.0	4	36.2	0.8	48.1
0.50	0.96	3.00	0.60D	2.6	63	–6	1.6	72	101.5	1.2	45.1
1.14	2.77e	3.02	0.60	2.6	22	13	2.1	73	14.7	0.4	26.3
–1.91	2.02	2.34	—	—	NA	–22	5.1	371	16.5	1.9	29.7
–3.20	6.19	4.60	—	—	NA	NA	10.7	172	7.1	2.4	46.8
4.45	4.78	5.48	2.44D	5.0	51	11	6.7	41	30.7	1.7	47.4
–0.79	1.13	2.60	—	—	NA	NA	2.4	0	21.0	2.0	1.2
–0.97	3.75	4.10	0.09	0.5	2	–17	8.4	NM	20.6	1.7	48.1
–2.43	0.51	3.97	1.56	4.7	NM	6	0.4	59	23.3	1.6	57.9
2.99	3.32	4.21	1.40D	5.3	42	2	3.4	22	105.2	1.6	52.3
2.10	1.75	2.36	0.68D	2.3	98	3	6.0	26	44.3	1.9	51.6
5.17	3.28	4.35	2.80D	6.8	86	11	2.6	59	48.5	0.9	30.4
3.50	3.58	4.50	1.20	2.2	33	12	5.9	7	14.4	0.6	55.7
NA	2.52	NA	—	—	NA	NA	NA	NA	5.7	2.0	12.5
0.57	0.84e	0.95	—	—	NA	–26	0.6	79	37.4	0.9	9.3
3.22	3.25	4.27	1.40D	3.5	43	13	5.4	55	24.7	0.9	59.3
–2.68	2.08	3.71	0.88	4.5	25	–6	3.7	355	35.4	2.7	64.7
2.30	1.47	3.11	1.20	4.8	82	4	3.3	44	48.1	2.0	28.6
3.36	3.81	3.95	0.90D	3.9	22	10	4.9	51	28.1	1.4	31.6
4.59	5.12	5.54	3.00D	8.0	59	5	7.6	146	190.4	0.8	39.4
–0.46	0.59	1.25	—	—	NA	–7	1.4	407	6.0	0.5	1.8
4.49	5.15	6.06	3.00	4.0	58	11	2.3	22	165.1	2.3	38.4
2.01	3.38	3.43	0.90D	2.9	27	9	6.5	52	77.3	1.4	40.5
1.95	2.31	2.30	1.64D	13.5	70	6	16.0	140	83.0	0.9	19.3
1.41	1.62	1.80	—	—	NA	NA	9.1	95	33.8	1.4	15.5
4.34	2.66	3.61	1.80	4.3	62	26	5.7	21	118.3	1.4	53.1
3.07	3.25	3.61	1.84D	3.9	57	8	2.0	82	8.8	1.3	35.6
5.39	4.71e	5.86	2.32	3.1	41	8	3.9	7	6.6	1.6	47.1
2.42	1.60	2.10	0.88D	3.0	55	15	3.5	33	39.5	1.1	38.2
2.97	3.83	4.21	1.48D	6.8	39	18	9.0	19	9.9	1.0	22.7
1.73	2.15	2.50	0.46D	1.9	19	29	5.0	88	26.5	NA	18.3
3.01	3.31e	3.71	1.40	3.9	47	24	5.9	28	70.6	0.6	53.6
1.98	2.76	3.85	1.44D	4.4	50	8	5.7	27	52.7	1.4	58.2
3.00	3.20	3.61	1.15D	4.0	34	17	5.9	21	31.3	0.5	18.9
1.53	1.69	2.16	0.18	0.5	9	26	9.2	2	250.6	1.1	49.4
3.12	3.20	4.27	1.80	3.5	56	25	12.5	32	26.7	1.1	66.0

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high-low	Stock price: 12-month high-low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high-low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Holiday Inns/Dec	59–14	59–39	42⅞	8%	103	107	18–5	13	9.0	1.01
Home Federal S&L–Cal/Dec	NA	25–12	13½	NA	NA	NA	NA	8	4.4	0.36
Homestake Mining/Dec	44–8	38–24	34	39	134	120	55–4	31	26.1	4.79
Honeywell/Dec	70–30	70–44	55	17	112	120	14–5	11	9.0	0.45
Horizon Bancorp/Dec	21–6	21–13	20¼	57	150	146	8–3	7	7.4	0.81
George A Hormel/Oct	35–12	35–24	29¾	–2	98	101	12–4	9	7.6	0.20
Hospital Corp of Am/Dec	57–9	57–35	38⅛	–26	71	97	23–8	14	11.2	1.03
Household Intl/Dec	34–14	34–24	26⅜	9	104	133	13–5	7	6.5	0.16
Houston Industries/Dec	24–16	24–18	19	–8	88	101	7–5	5	4.8	0.44
Houston Natural Gas/July	63–21	63–31	50	42	137	112	13–4	11	10.0	0.69
Hughes Tool/Dec	49–14	25–16	19¾	21	116	95	19–5	NM	22.7	0.95
Humana/Aug	33–4	33–20	24	–22	75	102	24–9	14	12.2	1.30
Huntington Bshs/Dec	32–12	32–23	29½	26	121	118	11–3	10	6.1	0.40
E F Hutton Group/Dec	53–5	53–24	29⅜	–21	76	92	12–2	6	7.2	0.34
IC Industries/Dec	49–17	49–39	45	16	111	105	12–3	12	8.2	0.20
Idaho Power/Dec	35–18	35–29	33¼	8	104	118	11–4	7	7.7	1.44
Illinois Power/Dec	24–16	24–18	19¾	–17	80	91	9–5	5	5.7	0.77
Imperial Corp of Am/Dec	35–5	17–7	8⅛	–36	61	77	12–3	NM	10.5	0.20
Indiana National/Dec	28–9	28–20	27⅛	28	123	119	9–3	9	6.4	0.45
Ingersoll-Rand/Dec	80–36	58–42	49⅛	8	104	100	25–6	NM	17.8	0.43
Inland Steel/Dec	40–18	35–24	28⅜	–7	90	82	25–5	NM	7.0	0.23
Integrated Resources/Dec	46–4	46–22	22⅜	–27	70	83	19–5	7	6.1	0.55
Intel/Dec	45–8	45–22	36¼	55	149	144	67–9	35	20.1	3.66
Interco/Feb	85–36	85–58	58¼	–18	79	98	16–5	9	6.8	0.35
InterFirst/Dec	32–13	23–13	12⅞	–30	67	65	11–4	NM	6.9	0.40
Intergraph/Dec	51–8	51–28	37½	24	119	128	NM–21	32	22.3	3.79
IBM/Dec	134–48	134–101	114	12	107	115	16–8	13	10.9	1.73
Intl Flavors & Frag/Dec	36–17	36–24	24⅛	–16	81	62	19–10	13	11.1	1.92
Intl Harvester/Oct	46–3	15–6	8⅞	34	129	125	4–3	NM	NM	0.10
Intl Minerals & Chem/June	67–24	49–37	40⅜	2	98	75	16–5	13	10.1	0.74
International Paper/Dec	60–31	60–47	57¼	8	103	90	23–5	15	10.1	0.65
InterNorth/Dec	50–17	43–25	40⅛	60	153	126	11–4	9	7.2	0.36
Iowa-Illinois G & E/Dec	28–15	28–22	22⅜	–2	94	108	8–4	5	5.5	0.52
IPALCO Enterprises/Dec	31–17	31–26	27¼	2	98	112	9–5	7	7.2	1.10
Irving Bank/Dec	69–29	69–44	56½	26	121	117	6–3	6	5.5	0.27
ITT/Dec	48–22	48–34	40⅞	9	104	102	10–5	10	7.7	0.40
IU International/Dec	30–10	30–14	23	28	123	120	18–4	17	8.5	0.30
James River Corp Va/Apr	42–6	42–27	31⅞	4	99	87	20–4	10	9.0	0.47
Jefferson-Pilot/Dec	41–22	41–31	39¾	20	115	126	9–5	9	8.1	0.91
Jewel Cos/Jan	55–20	55–42	44¼	–4	92	108	10–4	7	7.5	0.09
Jim Walter/Aug	48–16	48–32	35⅛	20	77	88	21–5	8	6.9	0.29
Johnson & Johnson/Dec	52–22	52–34	34¼	–27	70	95	20–10	13	10.5	1.09
Johnson Controls/Sept	49–18	49–34	43⅜	13	108	128	14–5	10	9.1	0.43
K Mart/Jan	39–15	39–28	31	–2	94	97	14–6	10	7.2	0.21
Kaiser Alum & Chem/Dec	30–12	23–16	19⅜	2	98	95	11–3	NM	8.0	0.28
Kansas City Pwr & Lt/Dec	23–12	23–17	18	–4	92	105	12–4	4	4.9	0.91
Kansas Gas & Elec/Dec	21–13	21–15	15⅞	–19	78	89	11–4	5	5.2	1.28
Kansas Power & Light/Dec	31–15	31–25	29⅛	14	109	124	7–5	6	6.9	0.56
Kellogg/Dec	36–16	36–25	30¼	14	109	115	11–7	10	9.3	0.97
Kemper/Dec	52–20	52–36	39⅛	–8	88	97	10–3	8	7.4	0.25

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Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$2.50	$3.28	$4.73	$0.90	2.1%	25%	10%	7.8%	46%	37.4	1.7%	60.6%
–1.81	1.59	3.08	—	—	NA	NA	4.2	235	20.5	4.0	64.9
0.51	1.08	1.30	0.20D	0.6	19	11	15.2	2	37.2	2.0	20.9
4.60	5.03	6.13	1.90D	3.5	36	16	4.0	30	46.8	3.1	72.6
2.23	2.72	2.73	1.04D	5.1	38	9	10.8	25	8.1	0.5	7.4
2.92	2.90	3.92	1.04	3.5	34	10	2.0	31	9.6	0.2	20.4
2.25	2.80	3.40	0.50D	1.3	18	52	7.5	128	86.1	1.5	56.8
2.05	3.68	4.06	1.70D	6.4	46	4	2.3	254	49.0	1.1	45.1
3.78	3.54	3.95	2.32D	12.2	66	13	7.6	112	92.8	1.4	37.3
6.46	4.66	5.00	1.82D	3.6	39	20	6.4	33	41.1	2.4	46.7
2.65	–0.68	0.87	0.84D	4.3	NM	47	NM	53	55.4	1.3	35.1
1.33	1.63	1.97	0.60D	2.5	29	84	9.1	175	95.8	1.4	39.7
4.77	2.94	4.82	1.48D	5.0	47	15	4.4	43	7.5	0.6	7.6
3.46	4.78	4.10	0.80	2.7	17	50	5.5	85	24.9	3.1	36.7
3.16	3.69	5.45	2.60D	5.8	70	8	1.7	121	15.8	0.8	57.9
4.71	4.50	4.31	3.08D	9.3	66	7	23.4	113	16.2	0.7	15.5
3.04	3.80	3.44	2.64D	13.4	65	2	16.2	114	49.3	1.8	36.9
–4.30	–2.46	0.77	—	—	NM	–19	NM	236	14.2	1.9	71.4
3.75	2.89	4.20	1.30	4.8	45	34	4.8	3	4.6	0.8	35.0
2.35	–1.56	2.75	2.60D	5.3	NM	–1	NM	58	19.8	1.1	55.5
–6.33	–2.14	4.03	0.50D	1.8	NM	–15	NM	70	24.9	1.5	54.4
2.82	3.37	3.70	—	—	NA	NA	8.2	103	8.1	2.9	32.6
0.32	1.05	1.83	—	—	NA	NA	10.3	11	110.3	2.5	48.5
5.22	7.05e	8.52	2.88	4.9	55	12	3.3	29	14.5	0.7	62.0
3.80	–2.82	1.86	0.60	4.7	NM	29	NM	46	66.6	1.0	38.1
0.56	1.16	1.68	—	—	NA	NA	11.8	3	25.5	2.8	28.7
7.39	9.04	10.45	3.80D	3.3	41	4	13.7	12	609.4	0.8	48.7
1.73	1.87	2.16	1.08	4.5	56	14	14.8	0	36.6	0.9	40.4
–27.10	–14.23	–1.26	—	—	NM	–22	NM	NM	40.6	2.8	16.7
3.50	3.02	4.03	2.60D	6.4	86	11	5.5	42	26.7	1.5	51.9
2.24	3.73	5.67	2.40D	4.2	64	4	4.9	28	49.7	1.9	55.0
4.06	4.56	5.56	2.32D	5.8	49	16	4.6	72	44.3	0.8	53.4
3.95	4.20	4.04	2.60D	11.6	59	5	11.6	128	12.0	0.4	10.4
3.41	4.17	3.78	2.92D	10.7	65	7	15.8	100	17.1	0.9	23.9
9.13	9.72	10.21	3.68	6.5	38	13	4.6	50	8.7	0.8	27.9
4.35	4.16	5.27	2.76D	6.8	66	10	4.0	51	136.1	1.2	42.6
0.88	1.33	2.69	1.15D	5.0	86	5	1.8	118	27.1	1.4	27.2
2.21	3.55e	4.38	0.40	1.3	12	60	3.3	124	26.0	0.8	44.4
4.02	4.62	4.91	1.76D	4.4	38	15	10.6	0	21.3	0.6	35.8
6.82	6.36	5.88	2.60D	5.9	41	18	1.3	74	11.7	1.2	46.0
2.66	4.05	5.15	1.20D	3.4	30	6	3.4	155	16.7	1.8	55.3
2.79	2.57	3.26	1.10D	3.2	42	18	8.2	5	190.8	1.0	55.0
3.83	4.17	4.77	1.66D	3.8	36	10	4.5	25	14.1	0.5	34.5
2.06	3.08	4.30	1.08	3.5	35	10	2.6	93	124.8	1.7	70.8
–5.98	–1.69	2.41	0.60D	3.1	NM	–5	NM	76	43.3	1.1	63.9
2.79	4.15	3.67	2.24D	12.4	52	5	22.5	121	28.1	0.8	11.0
3.00	3.08	3.06	2.36D	14.9	74	5	27.3	117	31.6	0.8	3.1
3.60	4.66	4.27	2.76D	9.4	54	8	9.7	110	16.4	0.8	13.5
2.91	2.99	3.25	1.68D	5.6	56	7	9.5	2	76.5	0.4	71.9
5.30	4.68	5.30	1.80	4.6	38	36	3.0	0	14.4	0.6	19.4

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Kentucky Utilities/Dec	24–14	24–21	22⅞	6%	102	116	13–6	8	7.8	0.82
Kerr-McGee/Dec	47–23	38–27	30⅛	3	99	78	17–6	11	8.1	0.45
Key Banks/Dec	33–10	33–19	28¼	39	133	129	9–3	7	6.4	0.61
Kidde/Dec	37–14	37–19	28	–2	94	92	12–4	8	7.6	0.27
Kimberly-Clark/Dec	99–38	99–70	89½	25	120	104	12–5	11	9.1	0.62
Knight-Ridder News/Dec	30–10	30–21	24½	–3	93	106	17–7	14	11.2	1.07
Koppers/Dec	35–11	24–16	19⅝	17	112	86	46–5	35	11.2	0.36
Kroger/Dec	47–14	43–30	31⅛	–25	72	83	16–4	11	8.7	0.09
Lear Siegler/June	50–17	50–32	40⅝	19	114	112	13–5	9	8.8	0.46
Leaseway Transportn/Dec	48–19	48–32	33¼	–17	80	85	18–5	11	8.3	0.31
Levi Strauss/Nov	56–17	56–	36½	–21	76	83	14–4	8	7.7	0.56
Libbey-Owens-Ford/Dec	44–20	44–30	42	26	121	139	36–5	13	7.6	0.40
Liberty National/Dec	20–8	20–14	13¾	23	74	72	10–5	8	6.4	0.41
Eli Lilly/Dec	69–45	68–57	62¼	2	98	106	15–8	10	9.1	1.51
Limited/Jan	31–1	31–13	23⅜	55	149	155	26–3	20	15.0	1.28
Lincoln First Banks/Dec	65–19	65–34	65	90	182	177	9–3	9	8.0	0.54
Lincoln National/Dec	34–16	34–24	29¾	16	111	122	9–5	8	7.0	0.32
Litton Industries/July	87–17	72–54	60¼	8	103	101	13–5	11	9.6	0.53
Lockheed/Dec	48–6	48–31	32¼	–7	90	100	17–3	8	6.3	0.31
Loews/Dec	82–16	82–53	80⅜	18	113	102	9–4	9	7.6	0.19
Long Island Lighting/Dec	18–6	18–6	6⅞	–59	39	45	8–4	2	2.5	0.42
Longs Drug Stores/Jan	50–22	50–40	42	–3	93	97	16–9	12	10.6	0.37
Louisiana Land/Dec	35–24	35–24	28½	NA	NA	NA	NA*	11	9	0.71
Louisiana-Pacific/Dec	35–13	35–24	25⅜	–15	82	93	52–5	31	10.3	0.79
Louisville Gas & Elec/Dec	25–15	25–20	24⅜	6	102	116	10–5	8	8.4	0.69
Lowe's Cos/Jan	33–5	33–18	20	–14	83	92	30–8	14	10.9	0.51
LTV/Dec	26–6	20–13	16⅜	17	112	110	6–2	NM	6.5	0.20
Lubrizol/Dec	42–14	28–18	20⅛	5	100	77	20–9	14	10.4	0.99
Lucky Stores/Jan	25–12	25–16	16⅛	–26	71	83	13–7	8	6.9	0.10
M/A-Com/Sept	36–5	35–13	15	–44	53	51	46–11	20	14.8	1.01
Mack Trucks/Dec	NA	22–16	19½	NA	NA	NA	NA	NM	9.4	0.49†
R H Macy/July	65–7	65–43	48	–4	100	113	17–4	11	10.6	0.70
Malone & Hyde/June	33–11	33–24	24¼	–14	82	92	16–7	10	10.0	0.14
Mfrs Hanover/Dec	51–26	51–35	37½	–13	84	81	7–3	4	4.3	0.23
Manufacturers Natl/Dec	41–12	41–29	34½	15	110	107	20–3	5	4.5	0.33
Manville/Dec	31–4	17–10	10⅞	–9	87	100	16–5	7	3.5	0.15
MAPCO/Dec	52–21	29–22	26⅜	17	112	91	17–7	15	10.0	0.37
Marine/Dec	48–18	48–39	39	–3	94	91	5–3	5	4.8	0.31
Marine Midland Bks/Dec	31–12	31–20	24	3	99	96	10–3	5	4.6	0.21
Marion Laboratories/June	48–6	48–27	33⅜	0	96	104	62–12	43	27.1	3.41
Marriott/Dec	81–12	81–57	65½	3	99	103	20–6	16	12.7	0.58
Marsh & McLennan/Dec	51–27	51–40	47¼	16	111	132	15–9	14	12.2	1.73
Marshall & Ilsley/Dec	50–17	50–39	45¼	10	105	102	8–3	7	6.2	0.64
Martin Marietta/Dec	43–13	43–31	33⅜	9	105	103	16–4	8	7.3	0.29
Maryland National/Dec	36–13	36–26	32	9	105	102	8–3	7	5.8	0.45
Masco/Dec	37–10	37–26	29¼	–13	84	96	19–7	15	10.7	1.55
May Dept Stores/Jan	63–18	63–46	46¼	–11	85	96	11–5	24	7.1	0.32
Maytag/Dec	57–22	57–40	46⅜	–3	93	102	15–7	11	9.4	1.08
MCA/Dec	45–19	45–33	39¼	7	103	113	16–5	13	12.2	1.19
McDonald's/Dec	75–24	75–56	66¾	–4	92	96	13–7	12	10.1	1.30

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Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$2.78	$2.96	$2.91	$2.36D	10.3%	77%	3%	12.7%	111%	18.1	0.7%	6.5%
4.88	2.74	3.73	1.10D	3.7	40	16	4.1	49	52.8	1.2	44.7
3.50	4.21	4.40	1.50	5.3	36	5	9.1	22	7.4	0.5	10.6
3.02	3.43	3.66	1.15D	4.1	34	11	3.4	65	19.9	1.4	53.3
8.21	8.39	9.84	4.40D	4.9	49	14	5.8	25	22.5	0.8	56.5
1.57	1.80	2.19	0.64	2.6	31	20	8.1	10	65.4	0.5	40.2
–1.07	0.56	1.75	0.80D	4.1	143	–3	1.0	51	28.6	0.9	40.8
4.05	2.76	3.56	2.00D	6.4	69	20	0.8	83	44.7	1.2	34.7
4.36	3.84	4.61	1.60D	3.9	42	26	4.4	23	16.7	1.1	40.2
2.22	3.12	4.02	1.50D	4.5	48	8	2.9	108	11.9	0.6	47.9
3.05	4.61	4.75	1.85D	5.1	37	26	7.1	21	41.9	1.2	36.8
0.88	3.18	5.52	1.20D	2.9	38	–11	3.5	33	11.2	0.6	31.4
2.79	1.77	2.15	1.00	7.3	56	19	5.3	45	7.1	0.5	35.9
5.42	6.13	6.80	2.90D	4.7	45	13	15.1	4	73.7	1.0	60.8
0.58	1.18	1.57	0.24	1.0	20	NA	6.1	61	58.9	1.0	23.6
6.61	7.04	8.13	2.00D	3.1	28	1	6.1	39	3.5	2.0	24.1
2.79	3.87	4.22	1.68D	5.6	39	6	4.3	17	42.2	0.7	51.4
7.39	5.41	6.28	1.80	3.0	30	22	4.9	13	41.9	1.0	58.0
3.65	4.18	5.13	—	—	NA	NA	4.0	203	63.1	2.7	79.5
7.20	9.11	10.56	0.48	0.6	5	5	2.1	50	27.2	0.4	28.1
2.70	2.80	2.73	—	—	NA	4	20.4	85	108.3	1.6	4.9
2.92	3.43	3.95	1.12	2.7	32	15	3.0	0	10.6	0.7	28.3
2.01	2.65	3.28	1.00	3.5	38	NA	6.6	78	38.0	1.4	28.2
–0.48	0.81	2.46	0.80D	3.2	101	15	2.5	25	34.1	1.0	29.1
2.21	2.87	2.90	2.36D	9.7	81	4	9.4	112	17.7	0.9	13.7
0.75	1.40	1.83	0.32D	1.6	23	19	3.5	28	36.2	1.2	37.4
–3.36	–4.79	2.54	0.25	1.5	NM	NA	NM	131	54.6	2.5	24.3
1.21	1.46	1.94	1.08	5.4	74	11	7.1	4	39.2	0.9	56.7
1.91	1.94	2.34	1.16D	7.2	59	7	1.2	77	50.7	1.2	42.2
1.08	0.76	1.01	0.22	1.5	29	52	4.9	33	43.1	1.9	50.2
–1.26	–0.92	2.07	—	—	NM	NA	NM	55	30.3	1.6	35.4
2.74	3.72	4.54	1.04D	2.2	20	25	5.4	22	50.4	1.1	64.6
1.76	2.12	2.43	0.84D	3.5	40	18	1.3	43	15.4	0.8	28.8
7.78	8.37	8.74	3.16	8.4	38	11	5.1	108	40.0	1.4	48.2
4.47	6.66	7.65	1.60	4.6	24	–6	6.3	14	5.2	1.3	16.5
–1.93	1.47	3.10	—	—	NA	–19	2.0	2	24.0	1.6	29.3
2.67	1.73	2.64	1.00D	3.8	81	4	2.4	107	28.8	1.2	26.9
6.83	7.75	8.12	2.40D	6.2	31	NA	6.1	14	2.0	0.7	16.2
4.54	4.85	5.25	1.60	6.7	33	12	4.3	68	19.1	0.6	69.7
0.50	0.78	1.24	0.40D	1.2	41	2	8.2	1	18.4	1.0	32.6
3.44	4.15	5.15	0.44	0.7	9	43	3.8	172	26.7	0.8	41.3
3.36	3.39	3.87	2.20D	4.7	65	12	12.4	20	35.5	0.7	49.6
5.94	6.53	7.22	2.00D	4.4	30	8	9.1	22	4.9	0.3	12.7
1.95	4.23	4.53	1.34	4.0	32	15	3.6	84	34.3	1.5	49.8
5.11	4.69	5.47	1.36D	4.3	29	16	7.0	53	7.8	1.3	56.7
1.50	1.93	2.72	0.44	1.5	23	17	10.1	63	56.2	0.9	52.2
1.50	1.93	6.48	2.40	5.2	30	11	4.2	57	28.8	1.2	48.9
2.68	4.37	4.97	2.95D	6.3	62	7	10.2	11	13.9	0.9	38.0
3.69	3.06	3.22	0.88D	2.2	29	12	9.3	0	48.2	1.2	48.5
5.00	5.74	6.58	1.00D	1.5	17	77	11.2	69	59.4	1.7	57.3

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
McDonnell Douglas/Dec	63–20	63–46	52⅛	–1%	95	106	16–4	8	7.0	0.25
McGraw-Edison/Dec	51–21	47–33	36⅜	–12	84	86	25–6	19	9.8	0.29
McGraw-Hill/Dec	54–12	54–34	37⅛	–21	76	87	21–7	15	12.6	1.44
MCI Communications/Mar	28–1	28–8	8½	–63	35	40	NM–13	10	9.3	1.83
McKesson/Mar	51–18	51–35	35½	–14	82	91	15–6	9	8.7	0.15
Mead/Dec	42–14	42–23	37	56	150	131	41–4	36	10.1	0.47
Medtronic/Apr	60–15	60–28	32¼	–34	64	87	23–10	9	7.4	1.32
Mellon National/Dec	57–22	57–40	41	–12	85	82	8–4	5.5	5.5	0.41
Melville/Dec	48–12	48–31	35	–13	84	87	14–5	10	9.0	0.47
Mercantile Bancorp/Dec	42–21	42–34	38⅛	12	107	104	6–3	9	5.2	0.71
Mercantile Bankshrs/Dec	38–10	38–26	37¾	45	139	135	8–4	8	7.0	1.04
Mercantile Stores/Jan	76–12	76–46	46¼	–19	78	88	13–4	8	7.0	0.42
Mercantile Texas/Dec	36–12	35–25	25¾	–11	85	83	11–4	7	5.7	0.58
Merchants National/Dec	31–14	31–22	29¾	34	128	125	NM–3	7	5.9	0.28
Merck/Dec	105–58	105–82	92	8	104	112	19–11	15	13.5	2.10
Meridian Bancorp/Dec	33–11	33–13	30⅝	143	233	226	7–3	6	5.7	0.52
Merrill Lynch/Dec	57–8	57–24	26¼	–37	61	74	16–3	8	8.5	0.41
Mesa Petroleum/Dec	35–8	19–11	17⅜	62	155	127	21–11	16	11.4	3.00
Metromedia/Dec	57–5	57–20	37⅝	–13	83	84	51–5	34	24.4	1.97
MGM/UA Entertainment/Aug	22–5	22–11	15½	32	127	140	39–9	27	8.7	1.07
MGM/UA Home Enternmt/Aug	29–12	29–14	24⅛	52	145	160	21–4	17	24.7	4.45
Michigan National/Dec	20–10	19–13	14⅛	–12	85	82	63–3	10	5.4	0.20
MidCon/Sept	39–19	39–23	34¼	44	138	113	10–4	8	7.3	0.31
Middle South Utils/Dec	17–10	17–13	13⅜	–13	83	95	8–5	5	5.5	0.75
Midlantic Banks/Dec	49–15	49–35	45½	33	128	124	7–3	7	5.6	0.69
Minn Mining & Mfg/Dec	91–46	91–73	75⅜	–4	92	90	16–8	13	10.9	1.26
Minnesota Power/Dec	28–15	28–23	25⅜	3	98	112	8–5	7	6.7	0.87
Mitchell Energy & Dev/Jan	46–4	33–16	22¾	43	138	113	22–4	15	9.8	1.17
Mobil/Dec	45–17	35–26	30⅞	18	113	90	10–4	8	6.8	0.23
Molex/June	43–5	43–24	37¾	55	149	144	39–7	34	21.1	4.28
Monfort Of Colorado/Aug	21–3	21–14	14¼	–25	72	74	5–1	4	4.2	0.05
Monsanto/Dec	116–42	116–80	93¼	5	101	77	13–4	10	7.4	0.60
Montana Power/Dec	36–18	30–26	28¼	4	99	114	10–5	7	6.8	1.18
Moore Financial/Dec	28–16	28–21	23	3	99	96	9–4	6	5.5	0.49
J P Morgan/Dec	86–40	86–63	69⅛	–6	90	88	8–4	7	5.9	0.49
Morrison-Knudsen/Dec	47–9	34–26	29¼	1	97	90	13–3	7	8.1	0.13
Morton Thiokol/June	83–21	83–59	64½	8	103	79	16–6	11	10.1	0.72
Motorola/Dec	150–36	150–101	114⅞	4	100	97	24–7	18	12.5	1.05
Mountain Fuel Supply/Dec	34–12	34–17	27⅝	61	154	126	16–4	9	8.3	0.87
Murphy Oil/Dec	64–13	39–21	36	72	166	131	16–4	10	9.6	0.55
Nabisco Brands/Dec	46–25	46–34	42⅜	21	116	122	10–6	9	8.1	0.45
Nalco Chemical/Dec	37–13	37–23	26	–10	87	66	21–8	15	11.9	1.57
Natl Bancshares Texas/Dec	29–11	29–22	23¼	1	97	94	12–5	12	9.6	0.91
National Can/Dec	38–15	38–23	36	52	145	127	10–3	10	9.0	0.20
National City/Dec	32–16	32–23	28¼	22	117	114	8–4	8	5.2	0.51
National Distillers/Dec	33–18	31–24	27½	2	98	96	17–5	16	9.0	0.39
National Intergroup/Dec	38–14	38–23	30¾	33	128	116	7–4	NM	5.6	0.21
Natl Medical Entrprs/May	32–3	32–19	20½	–30	67	92	24–8	13	11.3	0.76
Natl Semiconductor/May	20–4	20–10	13⅞	37	132	127	24–7	24	20.4	0.82
National Svc Inds/Aug	29–7	29–21	22¼	3	98	116	13–5	10	9.5	0.60

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$5.44	$6.91	$7.43	$1.62	3.1%	20%	29%	3.4%	3%	39.4	1.1%	28.9%
3.09	1.92	3.71	2.00D	5.5	104	4	1.5	78	16.5	0.9	49.3
2.20	2.52	2.94	1.24D	3.3	43	21	9.8	2	50.1	0.6	55.0
0.85	0.89e	0.91	—	—	NA	NA	15.9	117	234.5	3.5	38.8
3.44	3.50e	4.05	2.40D	6.8	69	29	1.6	53	17.8	1.0	40.7
–1.25	1.03	3.67	1.00D	2.7	97	–1	1.3	115	30.0	1.5	44.0
3.34	3.76e	4.37	0.72	2.2	19	58	13.6	5	16.3	1.8	62.6
6.83	7.44	7.47	2.60	6.3	35	12	6.1	46	25.7	0.8	48.6
2.73	3.36	3.87	1.32	3.8	32	17	4.5	15	52.4	1.0	56.6
4.57	4.47	7.25	2.88	7.6	64	4	8.3	28	6.0	0.5	25.2
4.11	4.64	5.34	1.48	3.9	32	9	12.8	10	6.6	0.5	19.2
4.74	5.80	6.58	1.00	2.2	17	36	5.3	27	14.7	0.6	18.7
4.14	3.96	4.49	1.32D	5.1	33	17	8.9	32	25.0	0.6	29.2
3.51	4.14	5.00	1.00	3.4	24	–3	3.9	17	2.3	0.5	23.8
5.61	6.10	6.79	3.00D	3.3	46	14	13.9	16	74.0	1.0	58.5
4.71	4.72	5.32	2.20	7.2	47	23	8.1	24	6.8	1.1	15.4
3.80	3.56	3.14	0.80D	3.0	22	17	5.5	53	87.5	4.3	42.2
1.08	1.09	1.52	0.20	1.2	18	30	18.8	163	66.9	2.4	39.2
0.97	1.11	1.54	0.76	2.0	66	73	6.2	299	28.0	1.2	43.5
0.55	0.57	1.77	0.60	3.9	105	47	4.0	116	49.8	1.2	13.9
3.13	1.40	0.98	0.20	0.8	14	NA	24.5	0	29.5	0.4	3.4
0.30	1.36	2.60	1.20	8.5	88	13	2.0	27	11.1	0.3	9.0
4.50	4.11	4.74	2.24D	6.4	52	2	3.7	79	29.7	0.7	35.6
2.30	2.46	2.43	1.74D	13.0	71	3	13.8	178	162.9	1.0	19.4
7.74	6.90	8.10	2.00D	4.4	29	8	10.4	19	7.9	0.8	11.3
5.37	5.67	6.93	3.40	4.5	58	12	9.5	10	117.4	0.8	59.1
3.51	3.82	3.75	2.56D	10.1	63	6	14.5	124	12.6	0.6	9.3
1.68	1.52	2.32	0.24	1.1	16	62	7.8	185	47.9	0.5	14.6
2.91	3.70	4.56	2.20D	7.1	59	17	2.8	32	406.7	0.6	34.7
1.05	1.11	1.79	0.03	0.1	2	9	12.5	5	20.0	0.4	34.5
3.23	3.48	3.40	—	—	NA	–23	1.2	22	4.6	0.6	10.5
8.21	8.97	12.53	4.20D	4.5	46	6	5.9	29	40.9	1.8	65.8
3.89	3.85	4.15	3.00D	10.6	78	9	16.1	135	20.3	1.2	26.4
3.73	3.68	4.14	1.20D	5.2	33	29	7.9	17	6.2	0.4	17.1
9.53	10.52	11.72	4.00D	5.8	35	14	8.0	18	40.5	1.6	56.2
3.85	3.96	3.62	1.40D	4.8	33	35	1.9	25	9.9	0.7	39.4
3.60	5.15	6.40	1.76	2.7	31	8	5.2	27	16.8	1.1	55.0
4.64	6.26	9.16	1.60	1.4	26	12	5.6	13	39.3	2.6	72.1
2.79	3.04	3.33	1.44	5.2	44	4	9.8	100	17.8	1.3	42.8
4.28	3.65	3.76	1.00	2.8	27	78	5.6	33	36.6	0.7	35.3
4.41	4.95	5.25	2.48D	5.9	50	13	5.5	35	63.9	1.0	38.1
1.62	1.78	2.18	1.20	4.6	64	20	10.8	5	39.8	0.7	72.1
2.45	1.95	2.41	0.80	3.4	41	27	7.6	21	6.9	0.5	8.9
3.35	3.55	4.01	1.00D	2.8	27	12	2.0	40	9.3	0.7	70.4
3.75	3.67	5.40	1.90D	6.7	52	4	6.6	0	11.3	0.8	60.0
1.90	1.77	3.05	2.20D	8.0	124	6	2.5	34	32.5	0.7	27.9
–18.90	–6.72	5.50	0.25D	0.8	NM	15	NM	67	20.3	2.1	56.3
1.47	1.81e	2.19	0.44D	2.1	24	79	5.3	131	66.4	1.9	38.6
–0.24	0.68e	1.24	—	—	NA	NA	1.4	44	85.3	4.9	81.8
2.04	2.25	2.38	0.88D	3.9	35	16	5.9	3	24.6	0.3	33.0

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
NBD Bancorp/Dec	46–20	46–33	40¼	15%	110	107	7–3	6	5.5	0.42
NCNB/Dec	30–10	30–22	25¼	14	110	106	8–4	7	6.3	0.52
NCR/Dec	137–39	137–103	110⅝	–3	93	97	13–4	10	8.6	0.78
New England Electric/Dec	43–17	43–34	35½	–1	97	110	8–5	6	6.4	0.63
N Y State Elec & Gas/Dec	23–13	22–15	16½	–21	75	86	8–4	5	4.9	0.78
New York Times/Dec	31–6	31–21	24	8	104	119	17–5	13	10.2	0.86
Newmont Mining/Dec	79–22	61–46	51	2	98	95	36–3	29	17.4	2.14
Niagara Mohawk Pwr/Dec	19–10	19–12	13⅜	–17	79	90	8–5	5	4.9	0.52
NICOR/Dec	46–24	35–24	26¼	–10	86	71	21–6	16	10.7	0.30
A C Nielsen/Aug	39–10	39–28	29	–19	77	91	18–8	13	12.0	0.96
Nike/May	28–9	20–11	11¾	–27	70	87	30–9	8	6.2	0.50
NL Industries/Dec	49–10	21–14	15⅛	7	103	84	17–5	NM	23.3	0.68
Noble Affiliates/Dec	33–7	21–12	17⅛	34	129	106	40–6	33	19.2	2.84
Norfolk Southern/Dec	71–40	71–54	58¼	5	101	95	13–6	12	8.1	1.17
Norstar Bancorp/Dec	39–15	39–31	32⅛	–2	98	95	8–4	7	6.0	0.82
North Amer Philips/Dec	40–12	40–28	33⅞	6	102	105	12–4	10	8.3	0.26
Northeast Savings/Mar	NA	13–8	10	NA	NA	NA	NA	NM	NA	0.13
Northeast Utilities/Dec	14–7	14–11	11⅝	–7	89	102	9–5	5	4.9	0.60
No Indiana Pub Svc/Dec	17–10	16–13	13⅞	–3	99	113	15–7	8	7.4	0.47
No States Power/Dec	41–18	41–30	36⅛	16	111	127	8–5	6	6.6	0.65
Northern Trust/Dec	64–28	64–53	60¼	13	108	105	9–4	16	10.2	0.35
Northrop/Dec	98–28	98–66	74	–2	94	105	NM–4	11	7.7	0.35
Northwest Airlines/Dec	56–20	56–35	39⅞	–21	76	92	NM–7	18	8.9	0.39
Northwest Industries/Dec	81–25	54–33	46⅜	32	126	124	NM–3	NM	12.0	0.57
Northwestern Finl/Dec	32–8	32–22	29⅝	32	126	123	9–4	9	4.2	0.56
Norton/Dec	62–22	48–32	32⅞	–15	82	85	38–5	21	11.3	0.57
Norwest/Dec	40–17	40–27	32	13	109	106	10–4	8	6.7	0.39
NYNEX/Dec	NA	67–60	61⅛	NA	NA	NA	NA	6	6.4	0.58
Occidental Petroleum/Dec	39–16	30–18	28⅛	48	142	116	51–2	33	14.2	0.14
Ogden/Dec	40–18	34–25	26⅞	–1	95	93	15–5	10	8.0	0.30
Ohio Casualty/Dec	56–26	56–43	44¾	–11	85	94	12–4	9	7.9	0.54
Ohio Edison/Dec	18–10	16–12	12⅜	–16	80	92	10–5	6	5.5	0.87
Oklahoma Gas & Elec/Dec	22–12	22–18	20¼	7	102	117	13–5	8	7.6	0.84
Old Kent Financial/Dec	25–10	25–15	21½	32	127	123	7–4	6	5.1	0.46
Old Stone/Dec	28–15	28–21	23½	7	103	100	8–3	8	5.5	0.18
Olin/Dec	34–13	34–25	27½	–4	92	90	16–5	9	7.1	0.34
Owens-Corning Fbrgls/Dec	47–15	47–27	28¾	–35	62	71	39–7	10	6.2	0.30
Owens-Illinois/Dec	42–17	42–30	36	10	105	92	22–4	15	8.5	0.29
PACCAR/Dec	60–19	60–44	48¾	0	96	93	29–3	24	8.7	0.63
Pacific Gas & Elec/Dec	17–10	17–12	13⅜	–13	84	96	8–4	5	5.2	0.59
Pacific Lighting/Dec	38–17	38–30	35⅛	16	111	91	7–4	7	6.6	0.25
Pacific Pwr & Lt/Dec	26–16	26–20	22¼	8	104	118	10–5	6	6.3	0.79
Pacific Resources/Dec	16–6	13–8	9⅛	9	105	83	18–7	13	6.7	0.08
Pacific Telesis Grp/Dec	NA	63–51	57	NA	NA	NA	NA	9	7.3	0.69
Paine Webber/Sept	61–5	61–24	28⅛	–42	56	67	18–4	7	7.6	0.29
Pan Am World Airways/Dec	9–2	9–5	6¼	23	118	143	8–5	NM	8.4	0.18
Panhandle Eastern/Dec	52–20	40–24	38½	46	140	115	11–3	9	8.5	0.48
Parker-Hannifin/June	37–15	37–25	32	19	114	111	33–7	18	13.9	0.78
Payless Cashways/Nov	35–5	35–17	17¾	–34	64	71	27–8	21	11.0	0.55

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$6.69	$6.73	$7.28	$2.20D	5.5%	33%	5%	7.0%	16%	11.9	0.6%	51.4%
3.18	3.68	4.00	1.12D	4.4	28	16	7.4	37	25.6	1.0	33.8
8.75	10.55	12.76	3.20D	2.9	24	28	7.7	16	27.2	2.1	69.6
4.65	5.48	5.49	3.40D	9.6	57	12	9.7	117	24.4	0.6	13.3
3.36	3.06	3.36	2.32D	14.1	74	7	15.8	114	48.5	1.1	16.1
1.35	1.80	2.34	0.48D	2.0	24	14	6.4	45	39.0	0.5	50.9
1.76	1.75	2.93	1.00D	2.0	57	1	7.4	16	30.0	0.9	31.2
2.64	2.77	2.76	1.92D	14.1	68	8	11.9	109	101.0	0.6	9.2
3.30	1.66	2.44	3.04D	11.6	183	6	2.2	88	25.3	0.8	20.6
1.97	2.20	2.42	0.68	2.3	30	19	7.3	9	22.5	0.9	40.9
1.53	1.53e	1.89	0.40	3.4	26	NA	6.6	4	37.3	1.9	13.4
3.12	–0.37	0.66	0.20D	1.3	NM	18	NM	48	61.8	1.4	31.2
1.58	0.52	0.89	0.12	0.7	23	44	8.6	28	44.7	0.9	34.1
7.37	5.01	7.28	3.20D	5.4	64	5	10.0	32	62.9	0.9	51.1
4.62	4.70	5.32	2.20D	6.8	47	12	12.4	24	12.1	0.2	8.8
2.67	3.30	4.07	1.00	2.5	26	2	2.5	34	28.6	0.4	19.8
2.99	NA	NA	—	—	NM	NA	NM	0	4.5	NA	NA
1.76	2.37	2.35	1.48D	12.7	58	7	11.7	163	98.3	0.9	14.7
0.90	1.73	1.88	1.50D	10.8	87	0	7.0	135	66.7	1.3	27.3
4.79	5.60	5.45	2.96D	8.2	51	7	10.8	106	30.4	1.0	35.1
6.71	3.76	5.92	2.72	4.5	39	12	4.1	9	4.9	0.9	38.9
0.36	6.62	9.63	1.80	2.4	27	3	3.1	3	15.2	1.1	37.4
0.23	2.19	4.49	0.80	2.0	37	1	2.3	0	21.7	2.5	82.3
8.75	0.23	3.86	2.68D	5.8	NM	19	0.5	69	19.7	2.5	26.0
1.75	3.42	4.20	1.16	3.9	34	29	6.5	19	5.1	0.5	3.8
2.13	1.55	2.90	2.00D	6.1	129	17	2.7	34	19.2	0.6	47.2
3.08	4.05	4.77	1.80D	5.6	44	15	4.9	124	27.2	0.8	61.9
NA	10.18	9.51	6.00D	9.8	59	NA	9.7	76	98.3	0.5	NA
0.49	0.86	1.98	2.50D	8.9	291	26	0.4	164	96.4	1.0	19.1
2.01	2.64	3.36	1.80	6.7	68	14	2.9	117	18.9	1.0	27.3
4.91	4.85	5.67	2.68	6.0	52	25	5.9	0	11.4	0.8	39.5
1.89	2.22	2.23	1.84D	14.9	81	0	18.0	179	106.6	0.7	5.2
2.57	2.68	2.67	1.92D	9.5	69	4	12.1	114	40.3	1.2	22.8
3.04	3.60	4.20	1.12	5.2	30	4	9.3	14	7.5	0.4	15.5
3.50	2.89	4.25	2.08	8.9	55	15	5.2	105	2.5	0.4	1.6
2.63	3.01	3.88	1.32D	4.8	44	8	3.7	36	24.0	0.6	60.4
0.98	2.77	4.61	1.20D	4.2	43	3	2.9	50	28.9	1.4	57.0
1.35	2.41	4.25	1.68D	4.7	70	11	2.0	41	27.6	1.1	50.4
2.06	2.07	5.58	1.20	2.5	51	2	2.7	2	18.1	0.4	41.7
2.46	2.59	2.54	1.60D	12.0	62	9	13.8	108	294.2	0.5	26.2
4.57	5.02	5.29	3.16D	9.0	61	13	3.4	109	32.8	0.4	27.9
3.05	3.84	3.51	2.16D	9.7	56	3	16.4	150	56.9	0.8	17.3
0.73	0.71	1.35	—	—	NA	50	0.6	176	13.7	0.3	5.7
NA	6.54	7.78	5.40	9.5	83	NA	7.9	93	98.1	0.6	NA
2.37	5.41	3.70	0.60D	2.1	9	9	5.9	56	15.7	3.8	31.9
–6.30	–0.60	0.80	—	—	NM	NA	NM	340	100.2	2.8	15.5
6.18	4.24	4.51	2.30D	6.0	54	16	5.2	128	42.1	1.0	43.8
2.03	1.17	2.30	1.04	3.3	86	9	2.8	30	25.5	0.8	55.0
0.96	1.29	1.61	0.16	0.9	9	29	4.0	36	27.0	1.3	60.0

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Pay'N Save/Jan	29–8	29–18	20⅝	13%	84	87	14–5	10	7.9	0.26
Penn Central/Dec	43–9	43–25	41¼	49	143	117	18–5	14	11.9	0.52
J C Penney/Jan	68–20	68–49	51½	–14	83	93	11–4	8	6.9	0.32
Penn Power & Light/Dec	25–15	25–20	20⅜	–14	83	94	8–5	7	6.2	1.15
Pennzoil/Dec	63–20	43–31	38⅛	5	101	80	14–4	13	9.8	0.85
Peoples Energy/Sept	11–7	10–8	9½	12	107	88	12–4	6	6.9	0.22
PepsiCo/Dec	50–20	40–33	36½	0	96	91	16–6	12	10.3	0.43
Perkin-Elmer/July	38–13	38–24	28	–1	97	115	33–10	24	19.2	1.19
Petrolane/Sept	26–8	18–12	13	1	97	79	18–6	NM	26.0	0.69
Pfizer/Dec	45–15	45–34	35⅞	–4	92	99	19–9	13	11.2	1.52
Phibro-Salomon/Dec	41–10	41–26	31⅛	–12	85	67	14–3	10	7.4	0.15
Phila Electric/Dec	18–11	18–14	14⅛	–19	78	89	10–5	6	5.6	0.78
Philip Morris/Dec	75–29	75–56	66½	5	101	91	11–6	9	7.9	0.65
Phillips Petroleum/Dec	63–24	45–30	39	28	123	97	10–5	8	8.0	0.39
Pillsbury/May	39–14	39–27	36⅛	25	120	126	12–5	10	9.7	0.43
Pioneer/Dec	33–6	33–18	26	48	142	116	16–4	13	9.4	0.96
Pioneer Hi-Bred Intl/Aug	52–18	34–23	28	14	NA	NA	26–9	22	11.0	1.75
Pitney Bowes/Dec	37–11	37–27	29¼	1	97	101	12–4	10	8.5	0.64
Pittston/Dec	35–12	18–12	14⅛	4	100	97	31–7	NM	31.8	0.45
PNC Financial/Dec	46–9	46–35	38¼	10	105	102	8–3	7	5.9	0.65
Pneumo/Nov	33–4	33–20	23⅞	–6	101	118	13–4	9	8.5	0.29
Polaroid/Dec	56–17	37–26	28¼	–10	87	103	51–7	18	21.9	0.71
Portland Genl Elec/Dec	18–11	17–13	14⅛	–10	87	99	17–4	5	5.4	1.04
Potomac Elec Power/Dec	24–10	24–17	19⅛	8	104	119	9–5	7	7.4	0.78
PPG Industries/Dec	38–12	38–27	31	0	96	110	12–4	9	7.2	0.59
Premier Industrial/May	39–8	39–28	29⅛	–11	85	75	26–7	18	12.8	1.90
Price Co/Aug	83–5	83–44	54¼	35	111	123	61–16	34	25.8	0.96
Primark/Dec	27–14	27–17	25⅛	36	130	107	10–5	7	6.4	0.11
Prime Computer/Dec	33–4	29–13	18⅜	–35	63	67	45–8	27	17.3	1.69
Procter & Gamble/June	63–31	63–46	48¼	–21	75	79	13–8	9	8.9	0.64
Provident Life & Acc/Dec	72–33	72–54	68½	13	109	119	8–5	7	7.0	0.56
PSFS/Dec	NA	12–8	8½	NA	NA	NA	NA	11	NA	0.27
Public Service Colo/Dec	19–11	19–16	17⅜	–1	95	108	13–6	9	8.1	0.52
Public Service Ind/Dec	28–7	27–7	9	–65	34	38	8–2	2	3.5	0.54
Public Service N H/Dec	21–10	20–10	10¼	–47	51	58	8–3	3	3.1	0.81
Public Service N M/Dec	30–15	30–23	23½	–14	82	94	11–5	8	6.8	1.99
Pub Svc Elec & Gas/Dec	27–16	27–20	21¼	–9	88	100	9–5	6	6.0	0.55
Puget Sound Pwr & Lt/Dec	18–11	16–13	13½	–17	80	91	11–4	7	6.8	1.04
Quaker Oats/June	65–22	65–43	58¾	24	119	125	11–5	10	8.7	0.45
Rainier Bancorp/Dec	41–17	41–29	37¾	30	124	121	8–4	8	6.8	0.53
Ralston Purina/Sept	31–9	31–20	27	26	121	128	23–6	11	9.1	0.52
Raychem/June	93–33	93–53	55	–31	66	67	32–9	17	16.0	0.91
Raytheon/Dec	58–21	58–36	36¼	–31	66	74	17–7	10	8.6	0.52
RCA/Dec	38–16	38–23	31	16	112	110	23–6	15	10.6	0.28
Republic Airlines/Dec	12–3	10–4	4	–59	39	47	14–8	NM	NM	0.08
Republic New York/Dec	50–11	50–35	37	–19	78	76	12–4	7	5.9	0.50
Republic Steel/Dec	32–14	32–20	29¼	33	128	116	9–3	NM	8.9	0.19
RepublicBank/Dec	38–17	38–29	30⅜	–4	92	89	9–4	7	5.8	0.48
Revco D S/May	38–9	38–27	32½	7	103	106	20–7	14	11.0	0.58
Revlon/Dec	55–23	37–29	30½	–15	82	102	15–7	11	9.5	0.46

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$1.52	$2.02	$2.59	$0.60	2.9%	30%	16%	2.5%	119%	15.2	2.5%	31.0%
3.79	3.08	3.51	—	—	NA	NA	3.9	31	30.3	1.6	59.1
5.87	6.25	7.41	2.16D	4.2	34	5	3.9	43	74.2	1.2	56.6
3.35	3.06	3.29	2.48D	12.2	78	5	23.7	130	68.2	0.5	5.5
3.60	3.03	3.89	2.20D	5.8	73	13	7.1	97	51.5	1.3	40.5
1.54	1.25	1.37	1.06D	11.2	80	NA	2.9	104	31.0	0.6	23.0
3.23	3.01	3.54	1.62D	4.4	54	14	3.6	52	93.5	1.6	42.1
1.45	1.15	1.46	0.50D	1.8	43	35	4.9	10	43.2	2.0	61.4
1.84	–0.64	0.50	0.50D	3.8	NM	25	NM	31	52.2	1.6	29.0
2.11	2.73	3.19	1.32D	3.7	42	20	11.9	26	158.6	1.3	58.5
2.26	3.10	4.20	0.54D	1.7	16	8	1.6	43	142.0	1.5	41.7
2.39	2.40	2.53	2.20D	15.6	88	4	15.0	132	139.3	0.7	8.4
6.23	7.17	8.43	3.40D	5.1	39	42	7.0	102	126.3	1.3	57.9
4.23	4.71	4.85	2.40D	6.2	51	18	4.7	34	153.2	1.2	45.9
2.94	3.77e	4.15	1.40D	3.8	46	18	3.6	60	43.3	1.5	52.4
1.74	1.95	2.76	1.24	4.8	64	42	7.2	94	37.7	1.1	34.1
2.24	1.37	2.54	0.72D	2.6	53	NA	4.3	6	31.9	NA	36.0
2.43	3.01	3.48	1.04	3.5	35	13	6.4	34	34.3	1.2	58.2
–0.11	–1.89	0.46	—	—	NM	–10	NM	45	37.9	1.0	35.7
5.02	5.49	6.46	2.12	5.5	37	NA	9.6	25	20.7	0.8	45.6
1.69	2.53	2.79	0.60	2.5	19	28	2.9	56	14.6	1.6	34.3
0.73	1.61	2.42	1.00D	3.5	62	2	4.0	14	31.0	1.8	51.0
3.02	3.01	2.62	1.78D	12.6	58	1	27.7	135	43.3	0.7	3.4
2.28	2.66	2.66	1.94D	9.9	67	7	12.0	129	46.8	1.0	18.0
2.46	3.51	4.32	1.28D	4.1	36	9	6.7	32	69.9	0.6	51.4
1.49	1.89e	2.28	0.44D	1.5	28	32	9.8	0	20.7	0.1	11.7
0.79	1.35	2.10	—	—	NA	NA	2.3	6	11.2	1.9	31.3
2.07	3.48	3.92	1.80D	7.2*	46	2	1.6	110	8.8	1.1	26.3
0.99	0.68	1.06	—	—	NA	NA	6.3	8	47.4	3.7	44.4
4.63	5.12	5.40	2.40D	5.0	44	13	6.8	18	166.5	0.8	39.9
7.16	9.54	9.81	2.60	3.8	27	28	7.8	0	9.3	0.3	46.8
NA	0.75	NA	—	—	NA	NA	2.4	68	35.1	1.8	53.9
2.17	1.86	2.14	1.84D	10.6	98	4	6.5	114	48.7	1.4	25.8
4.55	4.46	2.55	1.00	11.1	63	7	29.3	108	52.3	2.5	38.5
2.73	3.49	3.27	2.12D	20.7	61	1	32.7	131	36.9	1.1	1.1
3.22	2.80	3.47	2.84D	12.1	100	15	29.3	104	33.6	0.8	19.0
3.24	3.40	3.52	2.64D	12.4	77	5	9.8	96	103.5	0.9	15.5
2.29	1.93	1.99	1.76D	13.0	91	4	19.7	90	39.9	0.5	4.0
5.56	6.06	6.74	2.20D	3.7	32	19	4.7	24	20.1	1.8	43.5
4.12	4.90	5.57	1.76D	4.7	33	14	6.8	18	9.7	0.8	41.1
0.84	2.51	2.97	0.92D	3.4	37	14	4.8	29	95.5	1.4	45.5
3.31	2.95	3.43	0.44	0.8	15	34	4.8	6	9.6	1.1	70.4
3.78	3.55	4.26	1.40D	3.8	39	28	5.1	4	84.6	1.3	47.8
1.39	2.06	2.92	0.90D	2.9	44	–6	2.7	88	81.7	2.8	45.9
–1.99	–4.51	–0.02	—	—	NM	–20	NM	NM	30.4	2.2	11.8
5.26	5.47	6.22	1.60	4.3	29	81	7.4	92	13.4	0.6	16.1
–15.26	–11.95	3.27	0.50D	1.7	NM	–13	NM	61	17.8	2.9	45.3
5.01	4.30	5.20	1.64D	5.4	38	33	6.8	36	27.3	0.5	37.5
2.13	2.54e	2.94	0.68D	2.1	27	41	3.7	11	32.1	1.3	58.4
2.45	2.75	3.22	1.84	6.0	67	10	4.1	34	35.7	1.8	62.3

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
R J Reynolds Inds/Dec	67–27	67–48	55⅛	5%	101	91	9–4	8	6.9	0.46
Reynolds Metals/Dec	42–19	42–30	36¼	11	106	103	10–3	NM	9.6	0.23
Richardson-Vicks/June	35–21	30–24	28⅜	14	109	117	14–6	14	10.7	0.61
Riggs National/Dec	39–17	39–29	33¼	13	108	105	10–4	9	7.4	0.52
RIHT Financial/Dec	58–17	58–36	51½	43	137	133	23–3	21	NA	0.50
Rite Aid/Feb	23–5	23–18	18¼	2	98	101	20–7	12	10.6	0.63
Roadway Services/Dec	74–22	74–57	57⅛	–13	84	89	16–6	12	10.1	0.92
A H Robins/Dec	29–7	29–17	16⅞	–12	85	91	12–5	7	6.3	0.76
Rochester Gas & Elec/Dec	19–10	19–14	15¼	–15	82	93	8–4	5	4.7	0.49
Rockwell Intl/Sept	36–9	36–24	25⅝	–2	94	105	14–5	10	8.3	0.49
Rohm & Haas/Dec	81–16	81–46	58⅜	19	114	87	15–4	11	9.0	0.80
ROLM/June	80–10	80–34	36½	–23	74	80	47–12	25	20.5	1.59
Ryder Systems/Dec	61–14	61–45	47¾	–1	97	103	14–5	11	8.9	0.45
Safeco/Dec	60–28	60–47	60⅛	7	103	113	10–4	8	7.9	0.68
Safeway Stores/Dec	30–12	30–24	24⅞	4	92	108	9–4	8	6.6	0.08
St Paul Cos/Dec	71–31	71–54	59½	–15	82	90	12–4	10	8.3	0.51
St Regis Paper/Dec	45–18	45–26	40⅞	29	124	108	26–5	29	11.0	0.52
San Diego Gas &Elec/Dec	22–9	22–17	18⅞	5	101	115	15–4	6	6.1	0.63
Sanders Associates/July	61–8	61–35	38	–4	92	89	30–7	17	14.6	1.22
Santa Fe Southern/Dec	NA	27–21	24½	NA	NA	NA	NA	14	8.2	0.81
Schering-Plough/Dec	48–25	48–34	35¾	–19	78	84	14–7	11	9.9	1.00
SCM/June	40–17	40–32	38⅛	11	106	111	14–3	13	9.8	0.21
SCOA Industries/Jan	34–6	34–19	21¼	–31	66	69	16–4	10	8.0	0.31
Scott Paper/Dec	35–14	35–20	30½	53	146	128	13–4	12	8.9	0.60
G D Searle/Dec	56–12	56–35	45½	25	120	129	23–7	19	13.4	2.37
Sears, Roebuck/Dec	45–14	45–33	33⅜	–6	90	102	13–6	9	7.4	0.33
Security Pacific/Dec	55–18	55–37	44⅜	18	113	110	8–3	6	5.5	0.38
SEDCO/June	49–8	49–27	38½	41	136	111	60–4	6	7.3	1.51
Service Merchandise/Dec	27–4	27–13	14⅝	–15	81	84	19–4	11	8.4	0.30
ServiceMaster Inds/Dec	46–8	46–28	32½	–0	96	132	39–15	28	23.2	1.01
Shared Medical Systm/Dec	44–5	44–25	25½	–27	70	75	39–7	23	18.3	2.93
Shawmut/Dec	43–15	43–31	37½	11	107	104	8–4	7	6.0	0.39
Shell Oil/Dec	66–15	59–35	57¼	60	154	122	13–4	11	10.1	0.89
Sherwin-Williams/Dec	32–5	32–22	25¼	–3	93	107	15–6	11	10.0	0.29
Signal Cos/Dec	39–13	39–25	28⅛	–9	87	85	39–4	28	10.6	0.50
Singer/Dec	33–6	33–20	24½	–12	85	83	51–3	38	8.6	0.17
SmithKline Beckman/Dec	88–39	77–52	51⅞	–26	71	77	18–9	9	8.1	1.52
Society/Dec	33–14	33–22	29⅛	29	124	121	7–3	6	5.7	0.44
SONAT/Dec	40–16	40–24	34¼	40	134	110	10–4	7	7.0	0.52
So Carolina E & G/Dec	21–12	21–17	17⅝	–8	88	100	10–6	8	6.7	0.69
South Carolina Natl/Dec	45–14	45–36	40	12	107	104	8–4	7	6.2	0.66
Southeast Banking/Dec	28–12	28–21	22½	6	102	99	10–4	8	6.6	0.47
So Calif Edison/Dec	43–20	43–34	37	–4	92	105	8–5	6	6.0	0.83
Southern Company/Dec	18–10	18–15	15⅞	2	98	111	10–5	6	6.2	0.66
So New England Tel/Dec	40–15	40–30	30⅞	–8	88	100	10–4	8	7.7	0.76
Southland/Dec	48–11	48–25	35¼	24	119	138	15–5	11	7.7	0.19
Southland Royalty/Dec	41–14	22–15	16	6	102	83	49–13	27	18.8	2.33
Southmark/June	13–1	13–7	7¾	3	99	112	NM–3	4	4.8	0.61
SouthTrust/Dec	17–6	17–10	15⅞	55	149	144	8–4	7	5.4	0.60
Southwest Airlines/Dec	35–3	35–19	24	–7	89	108	32–3	22	12.0	1.58

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$6.96	$7.25	$7.93	$3.20D	5.8%	44%	15%	5.8%	35%	113.3	0.8%	45.3%
–0.27	–1.67	3.75	1.00D	2.8	NM	–5	NM	82	20.5	1.2	44.8
2.74	2.10	2.64	1.48D	5.2	70	24	4.6	36	23.8	0.7	36.7
4.04	3.90	4.50	1.80	5.4	46	8	6.1	0	6 0	0.1	9.3
2.48	2.46	NA	2.32	4.5	73	4	3.1	56	2.1	1.0	22.4
1.19	1.47	1.72	0.40	2.2	27	52	5.1	9	42.2	0.7	51.0
3.83	4.94	5.67	2.00	3.5	33	43	7.9	0	20.1	0.9	51.0
1.98	2.40	2.68	0.68	4.0	26	15	10.3	9	24.2	1.1	44.0
2.81	3.23	3.22	2.04D	13.4	57	10	11.4	110	24.4	0.5	15.0
2.11	2.46	3.07	0.88D	3.4	34	10	4.8	8	154.5	0.6	47.6
2.92	5.33	6.46	1.60	2.7	28	23	7.3	25	25.8	0.7	56.3
1.70	1.80	1.78	—	—	NA	NA	7.1	6	26.0	2.0	38.8
3.73	4.43	5.35	1.08D	2.3	24	14	4.2	137	22.4	1.1	74.9
5.73	7.12	7.55	2.60	4.3	34	20	8.1	27	18.7	1.0	55.3
3.06	3.26	3.75	1.50D	6.0	44	4	1.0	110	58.2	0.9	47.2
9.23	6.03	7.15	3.00D	5.0	46	20	5.5	8	20.0	1.4	66.6
1.29	1.41	3.71	1.12	2.7	79	–5	2.0	61	35.6	1.7	39.8
2.90	2.91	3.08	1.96D	10.4	67	7	11.2	96	50.8	0.8	13.9
1.65	2.04	2.60	0.44	1.2	18	19	6.4	4	18.9	1.8	59.9
1.62	1.77	2.98	1.00D	4.1	56	NA	5.9	28	198.0	0.2	NA
3.39	3.40	3.62	1.68D	4.7	49	7	9.9	15	50.5	1.3	51.2
4.20	2.93	3.89	2.00D	5.2	68	25	1.6	55	9.6	1.2	36.1
4.03	2.22	2.64	0.68D	3.2	31	30	3.2	91	18.9	0.9	37.8
1.61	2.58	3.43	1.12D	3.7	39	4	5.0	39	48.1	1.1	36.4
2.56	2.39	3.40	0.52D	1.1	22	0	11.6	31	49.3	1.7	69.3
2.37	3.68	4.52	1.76D	5.3	48	3	3.6	66	354.2	0.7	46.8
6.53	7.23	8.00	2.24D	5.0	30	14	6.1	20	36.7	1.0	50.9
3.65	6.04	5.27	0.58	1.5	8	56	23.9	56	21.9	1.2	36.6
1.15	1.38	1.74	0.08	0.5	6	13	3.1	82	30.1	3.3	61.8
0.98	1.17	1.40	0.96	3.0	71	55	3.6	0	21.8	0.7	28.8
0.88	1.11	1.39	0.40	1.6	29	73	13.0	10	24.2	1.5	42.8
5.39	5.33	6.22	2.12D	5.7	36	22	5.6	37	6.2	1.3	28.5
5.19	5.28	5.67	2.00D	3.5	35	22	8.2	32	309.1	0.2	19.0
1.75	2.32	2.52	0.76D	3.0	33	56	2.7	47	23.1	1.2	37.7
1.90	1.00	2.66	0.94D	3.3	90	17	1.9	28	108.8	1.0	48.2
–1.01	0.64	2.85	0.10	0.4	16	–20	0.7	81	16.9	1.8	49.4
5.50	5.85	6.38	2.80D	5.4	45	41	17.1	4	83.3	1.5	56.1
4.17	4.53	5.05	1.70	5.8	35	6	6.9	23	6.4	0.5	15.4
5.05	5.20	4.86	1.55D	4.5	28	32	7.8	49	40.5	0.8	42.4
2.08	2.29	2.61	2.05D	11.6	86	5	10.7	128	38.2	0.9	23.4
3.89	6.01	6.40	1.76	4.4	29	20	10.2	23	4.1	0.3	30.9
2.93	2.93	3.39	1.08D	4.8	35	17	6.3	32	18.8	0.7	24.1
5.13	6.22	6.12	3.80D	10.3	58	12	15.5	107	100.5	1.2	41.9
2.26	2.72	2.57	1.80D	11.3	66	3	12.9	174	229.6	0.6	13.8
3.06	3.96	4.00	2.64D	8.6	64	12	10.2	69	29.1	0.3	9.1
3.02	3.26	4.57	0.92D	2.6	26	19	1.5	83	46.8	1.6	30.4
0.64	0.59	0.85	0.08D	0.5	14	–17	8.3	395	43.5	1.0	27.4
1.27	1.48	1.60	0.16	2.1	11	NA	11.7	119	30.0	1.4	13.7
2.07	2.44	2.92	0.88	5.5	36	6	8.1	32	11.0	0.3	11.8
1.01	1.10	1.99	0.13	0.5	12	47	9.1	44	29.4	1.6	60.7

Source: Media General Financial Services, Inc., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Southwest Bancshares/Dec	34–14	22–19	26	25%	120	117	11–4	NM	6.6	0.52
Southwestern Bell/Dec	NA	66–58	58⅜	NA	NA	NA	NA	6	6.7	0.72
Southwestern Pub Svc/Aug	21–10	21–17	19¼	14	109	125	11–6	8	7.8	1.01
Sovran Financial/Dec	36–9	36–22	32⅞	51	145	141	8–3	8	6.9	0.66
Sperry/Mar	66–21	50–34	42½	13	108	116	20–4	11	7.7	0.38
Square D/Dec	42–18	42–30	36½	12	107	110	20–5	17	11.0	0.91
Squibb/Dec	56–24	56–43	45¾	–11	86	92	45–10	14	12.2	1.37
A E Staley Mfg/Sept	43–11	34–20	21¾	–12	84	89	NM–3	68	11.4	0.36
Standard Oil Calif/Dec	59–22	41–32	34⅜	–4	93	73	11–4	7	6.4	0.40
Standard Oil Ind/Dec	100–27	56–40	52⅜	29	124	98	15–5	8	7.5	0.57
Standard Oil Ohio/Dec	92–20	59–37	45⅛	13	109	86	13–4	6	6.1	0.92
Stanley Works/Dec	30–11	30–20	23¾	5	91	95	22–6	13	9.4	0.68
State Street Boston/Dec	47–5	47–29	31¾	–6	90	88	11–2	8	6.4	0.62
Stauffer Chemical/Sept	32–15	32–20	22¾	–7	89	68	10–5	NM	8.9	0.62
Sterling Drug/Dec	30–15	30–24	25⅜	1	95	102	14–8	11	10.3	0.81
J P Stevens/Oct	26–12	26–17	21	–15	81	81	24–4	60	10.2	0.20
Stop & Shop Cos/Jan	63–5	63–34	35⅜	–2	94	109	15–2	33	6.8	0.15
Student Loan Mktg/Dec	NA	29–21	24¾	NA	NA	NA	26–19	18	10.3	1.13
Suburban Bancorp/Dec	36–13	36–27	35⅛	29	124	120	7–4	7	6.6	0.72
Sumitomo Bank Cal/Dec	18–9	17–12	14½	18	114	110	8–4	7	NA	0.24
Sun Banks of Florida/Dec	30–11	30–22	24⅜	5	101	98	10–4	8	6.8	0.89
Sun Company/Dec	55–21	55–32	49⅞	57	151	119	13–4	10	10.2	0.37
Sundstrand/Dec	60–22	52–38	43¼	–9	87	97	18–6	15	11.9	0.87
Super Food Services/Aug	32–6	32–15	20	–27	122	136	16–6	10	8.5	0.05
Super Valu Stores/Feb	37–8	37–25	25	16	81	90	20–7	12	10.1	0.18
Superior Oil/Dec	50–12	42–31	41½	32	126	103	31–6	31	21.5	2.95
Supermarkets General/Jan	28–5	28–19	21⅜	–2	94	110	12–4	16	7.4	0.11
Swift Independent/Oct	38–9	38–27	28	–22	75	78	9–2	6	5.4	0.06
Sysco/June	45–6	40–31	38⅛	2	94	105	25–6	19	17.1	0.41
Tandem Computers/Sept	40–4	40–26	33½	24	119	127	72–18	41	26.8	3.17
Tandon/Sept	34–4	34–13	13½	–33	65	69	73–16	25	12.6	2.26
Tandy/June	65–4	65–31	33¾	–39	59	65	28–5	12	11.1	1.43
TECO Energy/Dec	27–13	27–22	26	19	114	130	9–4	8	7.9	0.91
Tecumseh Products/Dec	105–52	105–86	91	5	100	115	11–5	9	7.9	0.60
Tektronix/May	87–34	87–55	58¼	–15	82	79	34–8	23	14.8	0.93
Tele-Communications/Dec	22–4	22–12	17	35	130	131	NM–8	47	29.3	2.51
Teledyne/Dec	178–47	178–137	169⅛	10	105	103	12–3	11	8.9	1.16
Telerate/Sept	NA	24–16	17¾	NA	NA	NA	50–34	33	24.6	11.75
Temple-Inland/Dec	NA	38–25	32⅛	NA	NA	NA	NA	NA	8.7	0.66
Tenneco/Dec	58–23	42–34	40⅜	18	113	111	10–4	9	6.7	0.39
Teradyne/Dec	39–4	39–20	29¼	41	135	161	74–6	29	17.6	2.51
Tesoro Petroleum/Sept	32–8	17–14	16¼	8	104	85	10–3	5	9.5	0.07
Texaco/Dec	54–24	48–31	39⅛	24	119	94	8–3	8	7.1	0.25
Texas Air/Dec	15–4	12–5	6½	–32	66	80	27–1	NM	–8.6	0.07
Texas American Bshs/Dec	46–16	46–28	37⅜	33	128	124	13–4	10	8.3	0.72
Texas Commerce Bshs/Dec	48–18	48–32	44½	32	127	123	10–5	8	7.2	0.86
Texas Eastern/Dec	89–34	70–47	64⅛	34	129	105	11–5	11	8.3	0.31
Texas Instruments/Dec	176–71	171–101	134¾	–20	77	74	27–9	NM	11.6	0.71
Texas Oil & Gas/Aug	27–3	27–17	24	41	135	110	28–7	17	14.3	2.74

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$4.24	$0.16	$3.92	$1.44D	5.5%	28%	17%	8.7%	30%	15.9	0.7%	24.4%
NA	9.24	8.71	5.60D	9.6	NA	NA	11.3	82	97.4	0.5	NA
2.02	2.36	2.46	1.74D	9.0	69	8	13.1	120	38.1	0.8	22.5
3.71	3.95	4.77	1.62	4.9	41	19	7.9	37	16.0	0.6	17.7
2.65	4.12e	5.47	1.92D	4.5	72	–14	2.3	36	52.7	2.2	58.7
2.61	2.12	3.32	1.84D	5.0	87	7	5.3	35	28.6	0.9	57.4
3.01	3.31	3.74	1.44D	3.1	41	6	9.8	31	52.9	1.2	52.0
2.75	0.31	1.91	0.80D	3.7	NM	5	0.6	37	27.9	1.2	38.2
4.27	4.65	5.33	2.40D	7.0	52	20	5.4	15	342.1	0.5	42.5
6.25	6.39	7.04	3.00D	5.7	44	24	7.0	31	292.6	0.6	35.3
7.63	7.04	7.39	2.60D	5.8	37	57	14.3	58	246.5	0.5	20.0
1.23	1.79	2.53	0.84D	3.5	47	10	5.1	19	28.0	0.7	44.6
4.16	4.18	4.92	0.94	3.0	21	34	8.7	28	8.7	1.2	33.9
3.06	–0.03	2.55	1.44D	6.3	NM	–1	NM	39	44.2	1.6	59.5
2.17	2.24	2.45	1.12D	4.4	50	10	7.2	8	60.9	1.4	51.5
1.50	1.08	2.06	1.20D	5.7	111	4	1.0	53	18.3	2.0	64.6
3.43	4.73	5.20	0.75D	2.1	16	14	1.9	118	11.5	2.1	50.9
1.08	1.37	2.40	0.12	0.5	9	NA	6.2	5	41.1	1.2	9.7
3.95	4.74	5.28	1.84D	5.2	37	4	9.7	3	4.8	0.6	11.3
1.68	2.07	NA	1.16D	8.0	56	5	3.5	29	4.2	0.1	8.8
2.55	3.06	3.63	1.20D	4.9	36	15	7.8	31	14.3	0.7	34.0
4.67	5.16	4.89	2.30D	4.6	45	16	4.0	41	116.7	0.4	39.7
3.48	2.81	3.62	1.80D	4.2	64	26	5.7	24	18.3	1.2	52.9
1.08	1.94	2.35	0.40	2.0	15	12	0.4	92	3.1	1.4	26.1
1.85	2.08	2.46	0.60	2.4	29	37	1.2	52	36.9	1.0	46.8
1.75	1.35	1.93	0.20	0.5	15	22	9.6	55	127.2	1.9	31.4
2.19	2.30	2.87	0.38	1.8	17	17	1.2	92	17.7	1.0	48.6
5.18	4.40	5.13	1.20	4.3	27	NA	0.9	74	5.0	0.7	34.6
1.71	1.94	2.23	0.36	0.9	15	48	2.0	43	21.3	1.1	43.9
0.76	0.76	1.25	—	—	NA	NA	7.4	8	39.9	3.7	63.6
0.36	0.47	1.07	—	—	NA	NA	7.8	0	50.8	4.6	57.6
2.17	2.67	3.04	—	—	NA	NA	11.3	12	104.3	2.3	47.3
2.49	3.14	3.30	2.04D	7.8	64	11	11.0	99	26.0	1.4	39.9
7.49	10.09	11.50	3.40	3.7	42	–4	6.7	0	5.5	0.2	37.8
3.16	3.94e	5.87	1.00	1.7	32	21	4.1	23	19.1	1.3	62.5
0.14	0.36	0.58	—	—	NA	NA	4.1	282	43.0	1.0	50.4
16.25	14.81	18.87	—	—	NA	NA	10.1	22	20.4	2.7	36.0
0.28	0.48	0.72	0.20	1.1	42	NA	29.8	0	44.4	0.5	4.7
0.00	1.99	3.69	0.50	1.6	25	NA	4.1	28	23.5	0.5	NA
5.18	4.75	5.98	2.80D	6.9	58	6	5.0	92	139.4	0.7	34.7
0.24	1.01	1.66	—	—	NA	NA	8.5	81	21.6	1.9	62.7
2.77	3.05	1.70	0.40	2.5	13	48	1.4	25	13.7	1.4	22.6
5.46	4.80	5.49	3.00D	7.7	63	11	3.0	17	257.5	0.9	26.9
–7.27	–14.58	–0.74	—	—	NA	5	14.2	NM	12.8	3.3	21.6
4.70	3.66	4.50	1.52D	4.0	41	28	6.6	39	10.0	0.8	26.6
5.34	5.50	6.13	1.42D	3.2	23	23	10.6	5	32.2	0.9	44.1
8.05	5.95	7.73	4.10D	6.4	69	19	2.9	70	26.1	0.9	49.5
6.10	–6.09	11.64	2.00	1.5	NM	2	3.2	19	24.0	4.1	63.8
1.18	1.41	1.68	0.16	0.7	10	117	16.1	57	209.8	0.9	54.6

Source: Media General Financial Services, Inc., Forbes

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Texas Utilities/Dec	27–15	27–22	23⅝	0%	96	110	8–5	6	5.7	0.84
Textron/Dec	39–17	37–26	27⅞	2	98	96	15–5	12	8.4	0.32
Third National/Dec	40–12	40–25	36¼	47	141	137	8–4	6	5.8	0.54
Thrifty Corp/Aug	25–4	25–11	13¼	15	110	114	22–6	11	9.7	0.22
TIE/Communications/Dec	40–1	40–17	19½	–24	73	83	45–6	17	14.9	1.96
Tiger International/Dec	29–4	12–4	7⅛	12	107	114	14–5	NM	18.7	0.12
Time Inc/Dec	NA	45–38	41⅞	NA	NA	NA	NA	19	11.2	0.92
Times Mirror/Dec	44–14	44–28	36½	3	99	113	19–7	14	11.1	1.01
Timken/Dec	78–40	68–54	55¼	0	96	101	NM–5	NM	12.0	0.69
Toledo Edison/Dec	23–15	22–16	18	–19	78	89	9–5	5	5.2	1.06
Toledo Trustcorp/Dec	41–16	41–30	38½	27	122	118	10–4	9	NA	0.76
Torchmark/Dec	45–16	45–28	39⅜	27	122	134	9–5	8	7.1	0.66
Tosco/Dec	45–4	15–4	4⅜	–55	44	36	32–2	NM	3.5	0.03
Toys 'R' Us/Jan	49–2	49–32	38¼	11	106	118	32–5	24	19.0	1.53
Trans World/Dec	NA	34–21	27⅛	–2	98	119	NA	21	8.8	0.40
Trans World Airlines/Dec	NA	18–7	9¾	38	60	73	NA	NM	7.0	0.09
Transamerica/Dec	33–15	33–23	24	–16	81	79	12–4	10	6.8	0.33
Transco Energy/Dec	64–19	43–25	40⅜	63	157	128	15–5	8	7.5	0.25
TRANSOHIO Fincl/Dec	18–3	13–8	8⅞	–7	90	113	18–1	8	3.7	0.13
Travelers/Dec	35–17	35–28	33⅞	9	105	115	8–4	8	7.9	0.24
Tribune/Dec	33–24	33–24	26¾	NA	NA	NA	18–15	14	11.0	0.60
Trust Co of Georgia/Dec	31–6	31–20	26¾	35	129	126	10–3	9	7.7	1.11
TRW/Dec	82–33	82–61	68⅜	3	99	106	17–6	13	10.1	0.45
Tucson Electric Pwr/Dec	41–12	41–27	37¾	40	134	153	10–5	9	7.7	2.38
Turner Construction/Dec	24–6	24–17	23½	22	118	109	7–4	8	NA	1.44
UAL/Dec	42–14	42–28	33½	–5	91	111	NM–7	9	6.6	0.19
Union Camp/Dec	87–37	87–67	77¼	3	99	87	16–6	14	9.9	1.12
Union Carbide/Dec	74–34	74–52	55¼	–9	87	66	24–4	18	8.4	0.43
Union Electric/Dec	16–10	16–12	12¾	–11	86	98	9–5	5	5.0	0.86
Union National/Dec	29–16	29–25	27	10	106	103	8–4	8	NA	0.55
Union Pacific/Dec	96–26	62–43	45⅞	–1	95	90	23–7	14	9.9	0.63
Uniroyal/Dec	18–3	18–11	13½	13	108	118	16–4	9	5.7	0.21
United Banks of Colo/Dec	24–12	19–15	18	17	112	109	10–5	8	6.1	0.41
United Brands/Mar	27–7	27–9	18⅜	73	166	138	NM–4	NM	6.1	0.09
Utd Energy Resources/Dec	56–16	36–23	24⅞	–7	89	73	14–3	24	6.8	0.17
United Financial Group/Dec	13–2	13–7	7¼	–2	94	119	7–5	NM	NA	0.17
United Illuminating/Dec	29–17	29–19	22⅛	–20	77	88	7–3	4	4.2	0.64
United Jersey Banks/Dec	34–8	34–20	29½	35	129	126	9–4	8	6.9	0.51
United Missouri Bshs/Dec	33–10	33–22	31½	40	134	131	7–4	8	7.9	0.96
U S Bancorp/Dec	27–14	27–20	22¼	10	106	103	9–4	8	6.6	0.62
United States Gypsum/Dec	64–26	64–40	59¼	16	111	127	21–4	12	7.8	0.61
United States Shoe/Jan	49–5	49–29	30¾	–8	89	110	18–4	20	7.6	0.52
United States Steel/Dec	35–16	33–22	30⅛	34	128	117	5–2	NM	7.8	0.18
U S Tobacco/Dec	43–9	43–26	37	39	133	120	17–6	15	12.7	2.72
U S Trust/Dec	41–12	41–32	38	15	111	107	11–6	9	8.0	0.67
U S West/Dec	NA	65–55	59½	NA	NA	NA	NA	6	6.7	0.74
United Technologies/Dec	77–31	77–57	61⅛	–12	85	94	10–5	8	7.2	0.25
United Telecom/Dec	25–14	25–19	19⅛	–8	89	100	10–6	7	6.5	0.66
United Virginia Bshs/Dec	32–11	32–25	27½	9	105	102	8–4	7	6.0	0.59
Unocal/Dec	57–14	40–27	34¼	16	111	88	15–5	10	7.8	0.56

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$3.85	$3.90	$4.13	$2.36D	10.0%	55%	9%	13.2%	106%	123.7	1.0%	57.2%
2.02	2.40	3.30	1.80D	6.5	75	2	3.0	19	34.4	0.7	37.3
4.83	5.73	6.30	1.62	4.4	28	15	8.4	26	5.7	0.3	36.7
0.92	1.13	1.37	0.52	3.9	39	14	1.9	79	19.9	1.8	21.9
0.60	1.13	1.31	—	—	NA	NA	11.4	43	32.9	2.0	46.4
–4.34	–5.30	0.38	—	—	NA	–17	NM	575	20.5	2.4	35.1
1.97	2.25	3.72	0.82D	2.0	36	5	5.3	45	58.7	0.2	NA
1.79	2.61	3.27	1.20	3.3	38	22	7.2	46	68.7	0.4	43.6
–0.27	0.05	4.60	1.80D	3.3	NM	–6	0.1	6	11.6	0.4	39.7
3.18	3.50	3.46	2.52D	14.0	70	3	25.4	138	29.4	0.7	7.7
3.74	4.27	NA	1.80D	4.7	41	9	10.6	10	3.8	0.2	38.7
4.01	5.12	5.55	1.60	4.1	31	16	8.6	27	7.0	0.6	35.2
0.64	–4.62	1.24	—	—	NM	NA	NM	143	18.0	2.8	26.3
1.17	1.62	2.01	—	—	NA	NA	6.5	12	52.9	1.4	55.9
1.03	1.29	3.09	—	—	NA	NA	3.2	199	28.1	4.9	80.2
–0.95	–1.90	1.39	—	—	NM	NA	NM	223	32.3	1.8	7.4
2.23	2.37	3.50	1.56D	6.5	65	15	3.2	130	64.2	0.8	40.9
5.26	5.10	5.35	2.04D	5.1	38	16	3.5	158	23.7	1.2	31.7
–6.41	1.12	2.38	—	—	NA	NA	1.7	334	2.8	0.9	13.2
3.67	4.08	4.29	1.92D	5.7	44	25	2.9	2	83.7	1.0	66.0
1.16	1.95	2.42	0.72	2.7	37	–17	4.4	69	40.4	0.5	23.9
2.36	3.05	3.46	1.20D	4.5	22	32	13.4	15	23.8	0.3	26.2
4.26	5.21	6.75	2.80D	4.1	51	10	3.6	16	36.0	0.6	57.7
3.01	4.21	4.88	2.60D	6.9	52	14	28.1	133	23.1	0.8	30.4
2.72	2.93	NA	1.10	4.7	34	31	18.3	31	3.8	0.5	6.0
0.36	3.88	5.04	—	—	NA	NA	2.4	94	34.5	3.3	65.8
5.10	5.45	7.80	3.00D	3.9	55	8	7.9	41	24.4	0.8	59.8
4.33	3.10	6.57	3.40D	6.2	110	5	2.4	47	70.5	1.1	51.0
2.17	2.66	2.55	1.72D	13.5	62	4	19.7	136	93.7	0.5	8.5
4.24	3.43	NA	1.84	6.8	51	13	7.0	0	4.0	0.2	40.4
3.31	3.35	4.62	1.80D	3.9	54	17	4.6	54	114.7	0.8	50.2
0.76	1.55	2.35	—	—	NA	NA	2.5	55	32.4	2.1	44.5
2.19	2.40	2.92	1.00	5.6	42	8	6.6	22	9.2	0.9	27.2
–13.82	NA	3.00	—	—	NA	NA	NM	76	12.5	1.5	46.4
6.42	1.04	3.65	2.48D	10.0	NM	33	0.7	49	27.8	1.0	27.3
–3.14	–0.29	NA	—	—	NM	NA	NM	84	8.1	1.3	1.4
5.39	5.67	5.20	3.20D	14.5	54	4	17.9	94	12.7	0.8	5.7
3.17	3.65	4.27	1.40D	4.7	38	2	6.3	34	5.0	0.6	12.4
4.40	3.86	3.98	1.00	3.2	23	13	11.7	5	6.7	0.1	6.8
2.91	2.93	3.45	1.00D	4.4	34	18	8.0	43	17.8	0.9	36.2
2.61	4.77	7.60	2.60D	4.4	51	6	5.0	16	16.7	1.2	53.8
2.72	3.41e	4.05	0.76D	2.5	28	12	5.0	18	21.6	1.4	58.9
–3.47	–12.07	3.90	1.00D	3.3	NM	–4	NM	115	104.0	1.6	32.0
2.01	2.42	2.90	1.44D	3.9	48	25	18.4	15	28.1	0.5	37.9
3.42	4.17	4.75	1.60	4.2	38	1	7.3	31	4.5	1.8	51.1
NA	9.26	8.85	5.40D	9.1	58	NA	11.6	81	98.0	0.6	NA
6.41	7.48	8.48	2.60	4.3	34	5	3.5	27	59.8	1.3	45.8
2.59	2.72	2.95	1.84D	9.5	68	6	9.4	107	83.9	0.9	43.0
3.61	4.10	4.56	1.44D	5.2	35	20	9.1	27	12.0	0.4	28.3
4.63	3.60	4.39	1.00D	2.9	28	17	5.9	27	173.7	1.1	32.3

Source: Media General Financial Services, Inc., Forbes.

The Forbes 500s on Wall Street

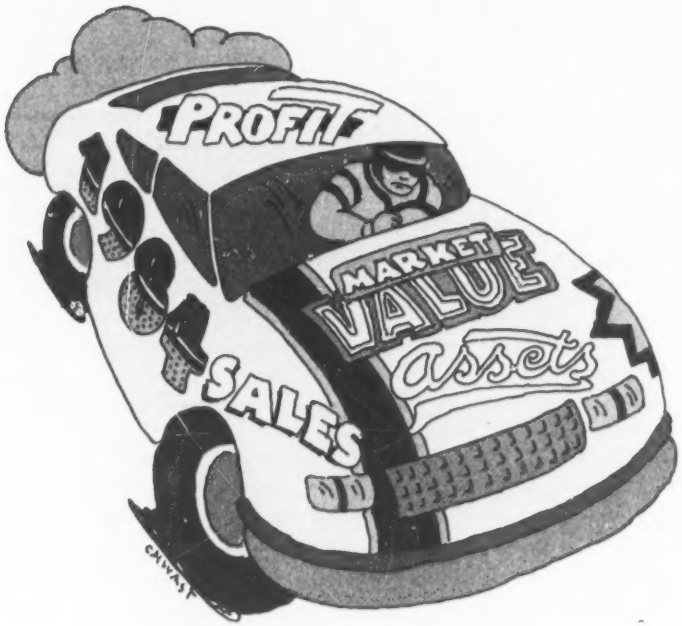
Company/fiscal year-end	Stock price: 5-year high–low	Stock price: 12-month high–low	Stock price: recent	Stock performance: latest 12 months: price change	Stock performance: latest 12 months: relative to market	Stock performance: latest 12 months: relative to industry	Stock price ratios: price/earnings: 5-year high–low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1984 est	Stock price ratios: price/sales
Upjohn/Dec	69–38	69–51	60⅞	10%	106	114	14–7	12	10.2	0.93
USAir Group/Dec	40–7	40–25	28¾	–19	77	94	13–2	9	7.2	0.46
USF&G/Dec	60–30	60–46	59	19	114	125	12–4	10	8.7	0.67
USLIFE/Dec	34–15	30–22	27⅞	14	109	120	8–4	8	6.8	0.56
Utah Power & Light/Dec	25–13	25–21	21¼	–3	93	106	12–6	9	8.3	1.30
Valero Energy/Dec	44–6	37–13	13¼	–29	68	56	23–4	8	4.8	0.20
Valley Fed Sav & Loan/Dec	NA	30–14	14½	NA	NA	NA	NA	NM	3.7	0.16
Valley National/Dec	31–13	27–19	23⅛	24	119	116	9–4	9	6.8	0.48
Varian Associates/Sept	63–7	63–37	41¾	–5	91	88	NM–6	19	15.3	1.18
VF/Dec	41–4	41–23	27¼	–1	95	95	11–3	7	6.7	0.81
Vulcan Materials/Dec	70–28	70–59	61¾	–1	95	109	15–5	13	9.8	0.87
Wachovia/Dec	48–15	48–37	45⅝	21	116	113	11–4	9	7.6	0.91
Wal-Mart Stores/Jan	47–3	47–28	35½	18	113	117	33–8	8	19.4	1.06
Waldbaum/Dec	28–4	28–11	16¼	–29	68	79	12–3	6	NA	0.05
Walgreen/Aug	40–6	40–27	34	18	113	117	18–6	14	12.7	0.44
Wang Laboratories/June	43–4	43–26	28¼	–18	79	85	45–12	21	18.6	2.43
Warner Commun/Dec	63–12	31–19	22¾	–21	76	84	17–6	NM	18.0	0.43
Warner-Lambert/Dec	35–17	35–26	34	6	102	110	15–7	14	12.0	0.87
Washington Mutual Sav/Dec	NA	19–11	11	–13	84	106	16–10	9	3.4	0.21
Washington National/Dec	38–12	38–21	22¼	–16	80	88	19–4	12	9.1	0.30
Washington Post/Dec	75–16	75–61	63	1	97	111	17–7	13	11.4	1.02
Washington Water Pwr/Dec	24–15	23–18	18¼	–17	80	91	9–5	6	5.8	1.08
Waste Management/Dec	62–9	57–32	35¼	–26	71	84	25–8	14	10.8	1.62
Weis Markets/Dec	40–10	40–28	32¼	–2	94	109	17–6	13	11.6	0.75
Wells Fargo/Dec	42–18	42–29	37⅛	22	117	113	7–3	6	5.8	0.30
Wendy's International/Dec	17–3	17–11	14⅝	15	110	114	16–4	14	12.4	1.11
West Point-Pepperell/Aug	55–14	55–39	40¼	–14	82	82	11–3	7	6.6	0.34
Western Savings & Loan/Dec	23–3	23–13	18⅞	24	119	151	14–2	6	NA	0.24
Western Union/Dec	54–15	48–25	26⅛	–38	60	68	17–7	NM	8.7	0.60
Westinghouse Elec/Dec	57–17	57–41	47¾	–0	96	99	11–4	9	7.8	0.44
Westvaco/Oct	42–17	42–30	36⅛	13	108	95	18–5	13	9.3	0.68
Wetterau/Mar	23–9	21–16	19	–2	98	109	NM–6	9	8.0	0.09
Weyerhaeuser/Dec	42–23	42–29	33⅜	–14	83	95	44–6	25	10.9	0.90
Whirlpool/Dec	57–15	57–39	42½	–15	82	89	13–5	10	7.5	0.58
White Consolidated/Dec	49–17	49–34	35¼	–21	76	73	18–4	11	8.0	0.26
Whitney Holding/Dec	167–99	140–132	135	NA	NA	NA	NA	9	16.5	9.17
Whittaker/Oct	51–12	34–17	19¾	–22	75	74	13–4	6	6.4	0.18
Wickes Cos/Jan	17–2	6–3	4½	–46	NA	NA	NA	7	NA	0.02
Williams Cos/Dec	50–13	30–21	28	22	118	90	30–4	12	9.1	0.44
Wilson Foods/July	15–4	14–7	10	–28	69	72	4–2	NM	6.0	0.03
Winn-Dixie Stores/June	37–14	37–26	29⅞	9	105	122	14–7	11	10.3	0.19
Wisconsin Elec Pwr/Dec	29–13	29–22	25¼	7	103	117	8–5	6	6.5	0.63
Wisconsin Pwr & Lt/Dec	30–14	30–23	26⅛	7	102	117	8–5	7	6.9	0.61
Witco Chemical/Dec	40–13	40–22	33⅜	47	141	108	11–5	10	8.0	0.35
Wometco Enterprises/Dec	45–7	45–30	44¼	38	132	133	25–6	25	38.2	1.50
F W Woolworth/Jan	39–16	39–30	32⅝	–3	93	96	11–3	9	7.3	0.18
Xerox/Dec	72–27	52–39	41⅛	2	94	98	12–6	9	7.8	0.46
Zayre/Jan	52–4	52–32	36⅞	–1	95	98	16–3	11	8.7	0.25
Zenith Radio/Dec	39–8	39–16	28⅜	72	165	160	26–6	14	9.7	0.46
Zions Utah Bancorp/Dec	35–12	35–23	30	28	123	119	9–4	7	6.3	0.69

*Provided by Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan. †Provided by Computer Directions Advisors, Inc. Stock prices as of Mar. 21, 1983. D: dividend reinvestment plan. e: estimate. NA: not available or not applicable. NM: not meaningful.

Per-share earnings			Dividends				Financial ratios		Trading activity		
1982	1983	1984*	indicated rate	yield	payout ratio	5-year growth rate	net profit margin	debt/ equity	shares outstanding (mil)	average weekly volume	bank & fund holdings†
$4.18	$5.28	$5.95	$2.56D	4.2%	43%	15%	8.1%	47%	30.4	1.2%	62.3%
2.88	3.25	3.98	0.12	0.4	4	9	5.6	69	22.8	3.2	70.3
3.98	6.04	6.78	4.16D	7.1	63	20	7.2	0	27.0	1.1	59.6
3.61	3.60	4.11	0.96D	3.4	25	10	8.2	44	18.7	0.9	37.1
2.38	2.39	2.54	2.32D	10.9	95	9	16.9	116	52.2	0.5	13.6
3.21	1.57	2.77	0.44	3.3	25	46	3.0	108	22.3	2.1	36.3
NA	0.17	3.92	—	—	NA	NA	0.2	0	2.6	6.3	54.3
3.00	2.72	3.40	1.16D	5.0	43	13	5.6	6	16.9	2.0	56.2
1.47	1.99	2.73	0.26D	0.6	13	9	5.5	12	21.4	1.8	60.7
2.82	3.64	4.08	1.00D	3.7	23	40	10.8	11	32.8	1.3	56.4
4.73	4.69	6.32	2.44D	4.0	52	17	6.6	18	11.5	0.2	54.9
3.33	5.26	5.97	1.72D	3.8	28	27	10.8	3	15.6	0.6	46.1
0.91	1.40	1.83	0.21	0.6	15	78	4.2	67	139.5	0.7	33.4
3.14	2.66	NA	—	—	NA	NA	0.9	84	5.2	1.0	11.1
1.87	2.28	2.68	0.72D	2.1	32	21	3.0	15	30.6	0.8	41.0
0.88	1.16	1.52	0.12	0.4	9	124	9.9	39	137.4	1.2	34.6
3.96	–6.44	1.26	1.00D	4.4	NM	60	NM	30	65.4	2.5	18.4
2.05	2.51	2.84	1.48D	4.4	57	4	6.5	49	80.0	1.4	49.3
0.00	1.19	3.20	—	—	NA	NA	2.2	35	6.1	2.4	29.9
2.07	1.88	2.43	1.08D	4.9	57	16	2.5	6	10.9	1.4	38.0
3.70	4.82	5.54	0.80	1.3	14	24	7.8	4	14.2	0.2	42.8
3.17	3.02	3.11	2.48D	13.6	82	6	20.0	124	20.1	0.5	2.9
2.40	2.50	3.25	0.68D	1.9	24	76	11.6	25	47.7	3.0	44.6
2.10	2.43	2.77	0.64D	2.0	23	22	5.6	0	20.6	0.1	42.6
5.81	6.03	6.43	2.16D	5.8	32	7	5.2	128	23.9	1.1	61.2
0.84	1.01	1.18	0.24D	1.6	20	31	7.7	28	54.4	1.7	25.3
4.27	5.10	6.10	2.20	5.5	43	12	4.4	25	10.3	0.9	44.1
–9.76	2.96	NA	1.05	5.6	35	–15	3.8	148	4.2	3.3	16.3
3.34	–2.78	2.98	1.40D	5.4	NM	0	NM	111	24.1	2.7	25.1
5.16	5.08	6.14	1.80	3.8	35	21	4.7	10	87.6	1.3	35.5
2.40	2.30	3.87	1.20D	3.3	52	10	4.2	40	28.1	0.5	43.2
1.91	2.08e	2.38	0.80D	4.2	44	5	0.7	50	10.8	1.9	20.5
0.90	1.36	3.06	1.30D	3.9	96	8	4.2	41	131.7	0.7	40.5
3.75	4.47	5.62	2.00D	4.7	41	10	6.1	6	36.5	1.4	59.3
2.10	3.12	4.37	1.50D	4.3	48	4	2.4	50	15.4	1.0	61.1
17.88	15.13	8.19	7.50	5.6	50	NA	NA	NA	21.0	NA	NA
3.77	2.55	3.08	1.60	8.1	63	120	2.3	43	14.4	2.9	40.8
–9.89	0.66	NA	—	—	NM	NM	0.3	NA	14.4	NA	0.9
1.00	2.35	3.08	1.20D	4.3	51	5	3.3	64	33.9	1.6	41.0
2.55	–7.31	1.67	—	—	NM	NA	NM	95	5.9	6.7	16.9
2.51	2.72	2.89	1.56D	5.2	53	19	1.6	18	41.7	0.2	10.0
3.60	3.97	3.92	2.10D	8.2	52	8	10.6	80	34.5	1.1	35.8
3.51	3.97	3.84	2.48D	9.3	59	8	9.8	92	12.7	0.7	6.8
2.10	3.47	4.17	1.32D	4.0	36	14	3.8	50	14.4	1.0	40.9
1.51	1.76	1.17	0.44D	1.0	25	10	5.9	92	17.5	0.8	15.5
1.51	3.72	4.46	1.80D	5.5	48	5	2.1	52	31.4	1.6	45.8
4.34	4.42	5.24	3.00D	7.3	68	11	5.5	23	95.1	1.5	50.9
0.75	3.46	4.21	0.30	0.8	8	59	2.3	84	17.9	1.5	53.5
–1.28	2.11	2.96	—	—	NA	–20	3.4	59	21.9	3.5	38.7
3.75	4.05	4.75	1.16	3.9	29	24	9.3	37	5.6	0.4	8.4

Source: Media General Financial Services, Inc., Forbes

Where to find The Forbes 500s



The alphabetical list that follows contains basic information about all the 808 companies that appear on the four Forbes 500s rankings. Each entry includes the address and telephone number of corporate headquarters, the name of the chief executive officer, the ticker symbol and the industry group designation used in compiling this issue.

Where to find The Forbes 500s

Abbott Laboratories
Route 137 and Waukegan Road
Abbott Park, Ill 60064
312-937-6100

CEO: Robert A. Schoellhorn
Ticker symbol: ABT (NYSE)
Industry group: Drugs

Advanced Micro Devices
901 Thompson Place
Sunnyvale, Cal 94086
408-732-2400

CEO: Walter J. Sanders III
Ticker symbol: AMD (NYSE)
Industry group: Electronics

Aetna Life & Casualty
151 Farmington Avenue
Hartford, Conn 06156
203-273-0123

CEO: John H. Filer
Ticker symbol: AET (NYSE)
Industry group: Insurance

Affiliated Bankshares of Colorado
1101 Arapahoe Avenue
Boulder, Colo 80302
303-449-2030

CEO: Leo Hill
Ticker symbol: AFBK (NASDAQ)
Industry group: Banking

H F Ahmanson
3731 Wilshire Boulevard
Los Angeles, Cal 90010
213-487-4277

CEO: Richard H. Deihl
Ticker symbol: AHM (NYSE)
Industry group: Thrift institutions

Air Products & Chemicals
PO Box 538
Allentown, Pa 18105
215-481-4911

CEO: Edward Donley
Ticker symbol: APD (NYSE)
Industry group: Chemicals

Albertson's
PO Box 20
Boise, Ida 83726
208-344-7441

CEO: Warren E. McCain
Ticker symbol: ABS (NYSE)
Industry group: Supermarkets

Alco Standard
PO Box 834
Valley Forge, Pa 19482
215-296-8000

CEO: Ray B. Mundt
Ticker symbol: ASN (NYSE)
Industry group: Multi-industry companies

Alexander & Baldwin
PO Box 3440
Honolulu, Haw 96801
808-525-6611

CEO: Robert J. Pfeiffer
Ticker symbol: ALEX (NASDAQ)
Industry group: Trucking and air freight

Allegheny International
PO Box 456
Pittsburgh, Pa 15230
412-562-4000

CEO: Robert J. Buckley
Ticker symbol: AG (NYSE)
Industry group: Multi-industry companies

Allegheny Power System
320 Park Avenue
New York, NY 10022
212-752-2121

CEO: Charles B. Finch
Ticker symbol: AYP (NYSE)
Industry group: Electric utilities

Allied Bancshares
PO Box 1515
Houston, Tex 77251
713-224-6611

CEO: Gerald H. Smith
Ticker symbol: ALBN (NASDAQ)
Industry group: Banking

Allied Corp
PO Box 1219R
Morristown, NJ 07960
201-455-2000

CEO: Edward L. Hennessy Jr
Ticker symbol: ALD (NYSE)
Industry group: Multi-industry companies

Allied Stores
1114 Avenue of the Americas
New York, NY 10036
212-764-2000

CEO: Thomas M. Macioce
Ticker symbol: ALS (NYSE)
Industry group: Department stores

Allis-Chalmers
1205 South 70th Street
West Allis, Wisc 53214
414-475-2000

CEO: Wendell F. Beuche
Ticker symbol: AH (NYSE)
Industry group: Heavy machinery

ALLTEL
100 Executive Parkway
Hudson, Ohio 44236
216-650-7000

CEO: Weldon W. Case
Ticker symbol: AT (NYSE)
Industry group: Communications

Aluminum Company of America
1501 Alcoa Building
Pittsburgh, Pa 15219
412-553-4545

CEO: Charles W. Parry
Ticker symbol: AA (NYSE)
Industry group: Coal, nonferrous metals

AMAX
AMAX Center
Greenwich, Conn 06836
203-629-6000

CEO: Pierre Gousseland
Ticker symbol: AMX (NYSE)
Industry group: Coal, nonferrous metals

Amdahl
PO Box 470
Sunnyvale, Cal 94086
408-746-6000

CEO: John C. Lewis
Ticker symbol: AMH (Amex)
Industry group: Data processing

Amerada Hess
1185 Avenue of the Americas
New York, NY 10036
212-997-8500

CEO: Philip Kramer
Ticker symbol: AHC (NYSE)
Industry group: Oil refining, marketing

American Brands
245 Park Avenue
New York, NY 10167
212-880-4200

CEO: Edward W. Whittemore
Ticker symbol: AMB (NYSE)
Industry group: Tobacco

American Broadcasting Cos
1330 Avenue of the Americas
New York, NY 10019
212-887-7777

CEO: Leonard H. Goldenson
Ticker symbol: ABC (NYSE)
Industry group: Broadcasting

American Can
American Lane, PO Box 3610
Greenwich, Conn 06836
203-552-2000

CEO: William S. Woodside
Ticker symbol: AC (NYSE)
Industry group: Paper and packaging

American Cyanamid
1 Cyanamid Plaza
Wayne, NJ 07470
201-831-2000

CEO: George J. Sella Jr
Ticker symbol: ACY (NYSE)
Industry group: Chemicals

American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
614-223-1000

CEO: Willis S. White Jr
Ticker symbol: AEP (NYSE)
Industry group: Electric utilities

American Express
American Express Plaza
New York, NY 10004
212-323-2000

CEO: James D. Robinson III
Ticker symbol: AXP (NYSE)
Industry group: Credit

American Fletcher
111 Monument Circle
Indianapolis, Ind 46277
317-639-3000

CEO: Frank E. McKinney Jr
Ticker symbol: AFLT (NASDAQ)
Industry group: Banking

American General
PO Box 3247
Houston, Tex 77253
713-522-1111

CEO: Harold S. Hook
Ticker symbol: AGC (NYSE)
Industry group: Insurance

American Greetings
10500 American Road
Cleveland, Ohio 44144
216-252-7300

CEO: Irving I. Stone
Ticker symbol: AGREA (NASDAQ)
Industry group: Distribution

American Home Products
685 3rd Avenue
New York, NY 10017
212-878-5000

CEO: John W. Culligan
Ticker symbol: AHP (NYSE)
Industry group: Drugs

Where to find The Forbes 500s

American Hospital Supply
1 American Plaza
Evanston, Ill 60201
312-866-4000

CEO: Karl D. Bays
Ticker symbol: AHS (NYSE)
Industry group: Medical equip,services

American International Group
70 Pine Street
New York, NY 10270
212-770-7000

CEO: Maurice R. Greenberg
Ticker symbol: AIGR (NASDAQ)
Industry group: Insurance

American Medical International
414 North Camden Drive
Beverly Hills, Cal 90210
213-278-6200

CEO: Royce Diener
Ticker symbol: AMI (NYSE)
Industry group: Medical equip,services

American Motors
27777 Franklin Road
Southfield, Mich 48034
313-827-1000

CEO: Paul Tippett
Ticker symbol: AMO (NYSE)
Industry group: Automotive

American National Insurance
1 Moody Plaza
Galveston, Tex 77550
409-763-4661

CEO: Orson C. Clay
Ticker symbol: ANAT (NASDAQ)
Industry group: Insurance

American Natural Resources
1 Woodward Avenue
Detroit, Mich 48226
313-965-1200

CEO: Arthur P. Seder Jr
Ticker symbol: ANR (NYSE)
Industry group: Natural gas utilities

American Petrofina
PO Box 2159
Dallas, Tex 75221
214-750-2400

CEO: Paul D. Meek
Ticker symbol: API A (Amex)
Industry group: Oil refining, marketing

American Savings & Loan Assn of Fla
17801 NW 2nd Avenue
Miami, Fla 33169
305-653-5353

CEO: Morris N. Broad
Ticker symbol: AAA (NYSE)
Industry group: Thrift institutions

American Security
730 15th Street NW
Washington, DC 20013
202-624-4000

CEO: W. Jarvis Moody
Ticker symbol: ASEC (NASDAQ)
Industry group: Banking

American Standard
40 West 40th Street
New York, NY 10018
212-840-5100

CEO: William A. Marquard
Ticker symbol: AST (NYSE)
Industry group: Building materials

American Stores
PO Box 27447
Salt Lake City, Utah 84127
801-539-0112

CEO: Lennie S. Skaggs
Ticker symbol: ASC (NYSE)
Industry group: Drugs and discount retail

American Telephone & Telegraph
550 Madison Avenue
New York, NY 10022
212-605-5689

CEO: Charles L. Brown
Ticker symbol: T (NYSE)
Industry group: Communications

Amerifin (formerly Walter E Heller Intl)
1 North LaSalle Street
Chicago, Ill 60602
312-621-7000

CEO: Franklin A. Cole
Ticker symbol: AFN (NYSE)
Industry group: Credit

Ameritech
225 West Randolph Street
Chicago, Ill 60606
312-750-5000

CEO: William L. Weiss
Ticker symbol: AIT (NYSE)
Industry group: Communications

AmeriTrust
900 Euclid Avenue
Cleveland, Ohio 44101
216-687-5000

CEO: Jerry V. Jarrett
Ticker symbol: AMTR (NASDAQ)
Industry group: Banking

Amfac
50 O'Farrell Street
San Francisco, Cal 94120
415-772-2000

CEO: Myron Du Bain
Ticker symbol: AMA (NYSE)
Industry group: Multi-industry companies

AMP
470 Friendship Road
Harrisburg, Pa 17105
717-564-0100

CEO: Walter F. Raab
Ticker symbol: AMP (NYSE)
Industry group: Electrical equipment

AMR
PO Box 619616
Dallas/Ft Worth Airport, Tex 75261
817-355-1234

CEO: Albert V. Casey
Ticker symbol: AMR (NYSE)
Industry group: Airlines

AmSouth Bancorporation
PO Box 11007
Birmingham, Ala 35288
205-326-5771

CEO: John W. Woods
Ticker symbol: ASO (NYSE)
Industry group: Banking

Analog Devices
2 Technology Way
Norwood, Mass 02062
617-329-4700

CEO: Ray Stata
Ticker symbol: ADI (NYSE)
Industry group: Electronics

Anderson, Clayton
PO Box 2538
Houston, Tex 77002
713-651-0641

CEO: Thomas J. Barlow
Ticker symbol: AYL (NYSE)
Industry group: Food products

Anheuser-Busch Cos
1 Busch Place
St Louis, Mo 63118
314-577-2000

CEO: August A. Busch III
Ticker symbol: BUD (NYSE)
Industry group: Alcoholic beverages

Apple Computer
20525 Mariani Drive
Cupertino, Cal 95014
408-996-1010

CEO: John Sculley
Ticker symbol: AAPL (NASDAQ)
Industry group: Data processing

ARA Services
625 Walnut Street
Philadelphia, Pa 19106
215-574-5000

CEO: Joseph Neubauer
Ticker symbol: ARA (NYSE)
Industry group: Personal services

Archer Daniels Midland
4666 Faries Parkway
Decatur, Ill 62525
217-424-5200

CEO: Dwayne O. Andreas
Ticker symbol: ADM (NYSE)
Industry group: Food products

Arizona Bancwest
101 North 1st Avenue
Phoenix, Ariz 85003
602-262-2000

CEO: Donald B. Tostenrud
Ticker symbol: AZBW (NASDAQ)
Industry group: Banking

Arizona Public Service
PO Box 21666
Phoenix, Ariz 85036
602-271-7900

CEO: Keith L. Turley
Ticker symbol: AZP (NYSE)
Industry group: Electric utilities

Arkla
PO Box 21734
Shreveport, La 71151
318-226-2700

CEO: Edward Sheffield Nelson
Ticker symbol: ALG (NYSE)
Industry group: Natural gas utilities

Armco
703 Curtis Street
Middletown, Ohio 45043
513-425-6541

CEO: Harry Holiday Jr.
Ticker symbol: AS (NYSE)
Industry group: Iron and steel

Armstrong World Industries
West Liberty St, PO Box 3001
Lancaster, Pa 17604
717-397-0611

CEO: Joseph L. Jones
Ticker symbol: ACK (NYSE)
Industry group: Building materials

Where to find The Forbes 500s

ASARCO
120 Broadway
New York, NY 10271
212-669-1000

CEO: Ralph L. Hennebach
Ticker symbol: AR (NYSE)
Industry group: Coal, nonferrous metals

Ashland Oil
PO Box 391
Ashland, Ky 41141
606-329-3333

CEO: John R. Hall
Ticker symbol: ASH (NYSE)
Industry group: Oil refining, marketing

Associated Dry Goods
417 5th Avenue
New York, NY 10016
212-679-8700

CEO: William P. Arnold
Ticker symbol: DG (NYSE)
Industry group: Department stores

Atlantic Bancorp
General Mail Center
Jacksonville, Fla 32231
904-632-6565

CEO: Billy J. Walker
Ticker symbol: ABAN (NASDAQ)
Industry group: Banking

Atlantic City Electric
PO Box 1264
Pleasantville, NJ 08232
609-645-4100

CEO: John D. Feehan
Ticker symbol: ATE (NYSE)
Industry group: Electric utilities

Atlantic Richfield
515 South Flower Street
Los Angeles, Cal 90071
213-486-3511

CEO: William F. Kieschnick
Ticker symbol: ARC (NYSE)
Industry group: Oil refining, marketing

Automatic Data Processing
1 ADP Boulevard
Roseland, NJ 07068
201-994-5000

CEO: Josh S. Weston
Ticker symbol: AUD (NYSE)
Industry group: Data processing

Avco
1275 King Street
Greenwich, Conn 06830
203-531-2800

CEO: Robert P. Bauman
Ticker symbol: AV (NYSE)
Industry group: Credit

Avnet
767 5th Avenue
New York, NY 10153
212-644-1050

CEO: Anthony R. Hamilton
Ticker symbol: AVT (NYSE)
Industry group: Electronics

Avon Products
9 West 57th Street
New York, NY 10019
212-546-6015

CEO: Hicks B. Waldron
Ticker symbol: AVP (NYSE)
Industry group: Cosmetics

Bacardi
PO Box G-3549
San Juan, PR 00936
809-795-1560

CEO: Manuel L. del Valle
Ticker symbol: BACAA (NASDAQ)
Industry group: Alcoholic beverages

Baker International
PO Box 5500
Orange, Cal 92667
714-634-2333

CEO: Earnest H. Clark Jr
Ticker symbol: BKO (NYSE)
Industry group: Oil services

Baltimore Gas & Electric
Charles Center, PO Box 1475
Baltimore, Md 21203
301-234-5000

CEO: Bernard C. Trueschler
Ticker symbol: BGE (NYSE)
Industry group: Electric utilities

Banc One
100 East Broad Street
Columbus, Ohio 43215
614-463-5944

CEO: John B. McCoy
Ticker symbol: ONE (NYSE)
Industry group: Banking

BanCal Tri-State
PO Box 45000
San Francisco, Cal 94145
415-765-0400

CEO: Chauncey E. Schmidt
Ticker symbol: BNC (NYSE)
Industry group: Banking

Banco Popular de Puerto Rico
GPO Box 2708
San Juan, PR 00936
809-765-9800

CEO: Rafael Carrión Jr
Ticker symbol: BPOP (NASDAQ)
Industry group: Banking

BancOhio
155 East Broad Street
Columbus, Ohio 43251
614-463-8100

CEO: Arthur D. Herrmann
Ticker symbol: BOHI (NASDAQ)
Industry group: Banking

BancOklahoma
PO Box 2300
Tulsa, Okla 74192
918-588-6000

CEO: Leonard J. Eaton
Ticker symbol: BOKC (NASDAQ)
Industry group: Banking

Bancorp Hawaii
111 South King Street
Honolulu, Haw 96813
808-537-8111

CEO: Frank J. Manaut
Ticker symbol: BNHI (NASDAQ)
Industry group: Banking

BancTEXAS Group
PO Box 50972
Dallas, Tex 75250
214-969-6100

CEO: Edward C. Nash Jr
Ticker symbol: BTX (NYSE)
Industry group: Banking

Bank of Boston
100 Federal Street
Boston, Mass 02110
617-434-2200

CEO: William L. Brown
Ticker symbol: BKB (NYSE)
Industry group: Banking

Bank of New England
28 State Street
Boston, Mass 02109
617-742-4000

CEO: Roderick M. MacDougall
Ticker symbol: BKNE (NASDAQ)
Industry group: Banking

Bank of New York
48 Wall Street
New York, NY 10015
212-530-1784

CEO: John Carter Bacot
Ticker symbol: BK (NYSE)
Industry group: Banking

Bank of Virginia
PO Box 25970
Richmond, Va 23260
804-747-2000

CEO: Frederick Deane Jr
Ticker symbol: BKV (NYSE)
Industry group: Banking

BankAmerica
555 California Street
San Francisco, Cal 94104
415-622-3456

CEO: Samuel H. Armacost
Ticker symbol: BAC (NYSE)
Industry group: Banking

Bankers Trust New York
280 Park Avenue
New York, NY 10017
212-775-2500

CEO: Alfred Brittain III
Ticker symbol: BT (NYSE)
Industry group: Banking

Barnett Banks of Florida
PO Box 40789
Jacksonville, Fla 32231
904-791-7720

CEO: Charles E. Rice
Ticker symbol: BBF (NYSE)
Industry group: Banking

Baxter Travenol Laboratories
1 Baxter Parkway
Deerfield, Ill 60015
312-948-4106

CEO: Vernon R. Loucks Jr
Ticker symbol: BAX (NYSE)
Industry group: Medical equip,services

BayBanks
175 Federal Street
Boston, Mass 02110
617-482-1040

CEO: William M. Crozier
Ticker symbol: BBNK (NASDAQ)
Industry group: Banking

Beatrice Foods
2 North LaSalle
Chicago, Ill 60602
312-782-3820

CEO: James L. Dutt
Ticker symbol: BRY (NYSE)
Industry group: Meat and dairy products

Where to find The Forbes 500s

Becton, Dickinson
Mack Centre Drive
Paramus, NJ 07652
201-967-3700

CEO: Wesley J. Howe
Ticker symbol: BDX (NYSE)
Industry group: Medical equip,services

Bell Atlantic
1600 Market Street
Philadelphia, Pa 19103
215-963-6000

CEO: Thomas E. Bolger
Ticker symbol: BEL (NYSE)
Industry group: Communications

BellSouth
675 West Peachtree Street NE
Atlanta, Ga 30375
404-420-8600

CEO: Wallace R. Bunn
Ticker symbol: BLS (NYSE)
Industry group: Communications

Beneficial Corp
1100 Carr Road
Wilmington, Del 19899
302-798-0800

CEO: Finn M. W. Caspersen
Ticker symbol: BNL (NYSE)
Industry group: Credit

Bergen Brunswig
1900 Avenue of the Stars
Los Angeles, Cal 90067
213-879-4991

CEO: Emil P. Martini Jr
Ticker symbol: BBCA (Amex)
Industry group: Distribution

Berkshire Hathaway
1440 Kiewit Place
Omaha, Neb 68131
402-346-1400

CEO: Warren E. Buffett
Ticker symbol: BKHT (NASDAQ)
Industry group: Insurance

Best Products
PO Box 26303
Richmond, Va 23260
804-261-2000

CEO: Sydney Lewis
Ticker symbol: BES (NYSE)
Industry group: Drugs and discount retail

Bethlehem Steel
Martin Tower
Bethlehem, Pa 18016
215-694-2424

CEO: Donald H. Trautlein
Ticker symbol: BS (NYSE)
Industry group: Iron and steel

Big Three Industries
3535 West 12th Street
Houston, Tex 77008
713-868-0333

CEO: Harry K. Smith
Ticker symbol: BIG (NYSE)
Industry group: Chemicals

Black & Decker Manufacturing
701 East Joppa Road
Towson, Md 21204
301-583-3900

CEO: Laurence J. Farley
Ticker symbol: BDK (NYSE)
Industry group: Light machinery

Blue Bell
PO Box 21488
Greensboro, NC 27420
919-373-3400

CEO: Edward J. Bauman
Ticker symbol: BBL (NYSE)
Industry group: Apparel

Boatmen's Bancshares
PO Box 236
St Louis, Mo 63166
314-425-7500

CEO: Donald N. Brandin
Ticker symbol: BOAT (NASDAQ)
Industry group: Banking

Boeing
PO Box 3707
Seattle, Wash 98124
206-655-2121

CEO: Thornton A. Wilson
Ticker symbol: BA (NYSE)
Industry group: Aerospace

Boise Cascade
1 Jefferson Square
Boise, Ida 83728
208-384-6161

CEO: John B. Fery
Ticker symbol: BCC (NYSE)
Industry group: Building materials

Borden
180 East Broad Street
Columbus, Ohio 43215
614-225-4000

CEO: Eugene J. Sullivan
Ticker symbol: BN (NYSE)
Industry group: Meat and dairy products

Borg-Warner
200 South Michigan Avenue
Chicago, Ill 60604
312-322-8500

CEO: James F. Beré
Ticker symbol: BOR (NYSE)
Industry group: Multi-industry companies

Boston Edison
800 Boylston Street
Boston, Mass 02199
617-424-2000

CEO: Thomas J. Galligan Jr
Ticker symbol: BSE (NYSE)
Industry group: Electric utilities

Bristol-Myers
345 Park Avenue
New York, NY 10154
212-546-4000

CEO: Richard L. Gelb
Ticker symbol: BMY (NYSE)
Industry group: Drugs

Broadview Financial
6000 Rockside Woods Boulevard
Cleveland, Ohio 44131
216-447-1900

CEO: John E. Rupert
Ticker symbol: BDVF (NASDAQ)
Industry group: Thrift institutions

Brown-Forman Distillers
850 Dixie Highway, Box 1080
Louisville, Ky 40201
502-585-1100

CEO: W. L. Lyons Brown Jr
Ticker symbol: BFDB (Amex)
Industry group: Alcoholic beverages

Brown Group
8400 Maryland Avenue
St Louis, Mo 63105
314-854-4000

CEO: Bernard A. Bridgewater Jr
Ticker symbol: BG (NYSE)
Industry group: Footwear

Browning-Ferris Industries
PO Box 3151
Houston, Tex 77253
713-870-8100

CEO: Harry J. Phillips Sr
Ticker symbol: BFI (NYSE)
Industry group: Business services

Brunswick
1 Brunswick Plaza
Skokie, Ill 60077
312-470-4700

CEO: Jack F. Reichert
Ticker symbol: BC (NYSE)
Industry group: Mobile homes-recreation

Burlington Industries
PO Box 21207
Greensboro, NC 27420
919-379-2000

CEO: William A. Klopman
Ticker symbol: BUR (NYSE)
Industry group: Textiles

Burlington Northern
999 3rd Avenue
Seattle, Wash 98104
206-467-3838

CEO: Richard M. Bressler
Ticker symbol: BNI (NYSE)
Industry group: Railroads

Burroughs
Burroughs Place
Detroit, Mich 48232
313-972-7000

CEO: W. Michael Blumenthal
Ticker symbol: BGH (NYSE)
Industry group: Data processing

Cabot
125 High Street
Boston, Mass 02110
617-423-6000

CEO: Robert A. Charpie
Ticker symbol: CBT (NYSE)
Industry group: Chemicals

CalFed
5670 Wilshire Boulevard
Los Angeles, Cal 90036
213-932-4200

CEO: Robert R. Dockson
Ticker symbol: CALF (NASDAQ)
Industry group: Thrift institutions

California First Bank
350 California Street
San Francisco, Cal 94104
415-445-0200

CEO: Yasushi Sumiya
Ticker symbol: CFBK (NASDAQ)
Industry group: Banking

Campbell Soup
Campbell Place
Camden, NJ 08101
609-342-4800

CEO: R. Gordon McGovern
Ticker symbol: CPB (NYSE)
Industry group: Food processing

Where to find The Forbes 500s

Capital Cities Communications
24 East 51st Street
New York, NY 10022
212-421-9595

CEO: Thomas S. Murphy
Ticker symbol: CCB (NYSE)
Industry group: Broadcasting

Capital Holding
PO Box 32830
Louisville, Ky
502-560-2000

CEO: Thomas C. Simons
Ticker Symbol: CPH (NYSE)
Industry Group: Insurance

Carnation
5045 Wilshire Boulevard
Los Angeles, Cal 90036
213-932-6000

CEO: H. Everett Olson
Ticker symbol: CMK (NYSE)
Industry group: Meat and dairy products

Carolina Power & Light
411 Fayetteville Street
Raleigh, NC 27602
919-836-6111

CEO: Sherwood H. Smith Jr
Ticker symbol: CPL (NYSE)
Industry group: Electric utilities

Carter Hawley Hale Stores
550 South Flower Street
Los Angeles, Cal 90071
213-620-0150

CEO: Philip M. Hawley
Ticker symbol: CHH (NYSE)
Industry group: Department stores

Carteret Savings & Loan Association
200 South Street
Morristown, NJ 07960
201-326-1000

CEO: Robert B. O'Brien Jr
Ticker symbol: CFCC (NASDAQ)
Industry group: Thrift institutions

Castle & Cooke
PO Box 2990
Honolulu, Haw 96802
808-548-6611

CEO: Ian R. Wilson
Ticker symbol: CKE (NYSE)
Industry group: Food processing

Caterpillar Tractor
100 NE Adams Street
Peoria, Ill 61629
309-675-1000

CEO: Lee L. Morgan
Ticker symbol: CAT (NYSE)
Industry group: Heavy machinery

CBS
51 West 52nd Street
New York, NY 10019
212-705-4321

CEO: Thomas H. Wyman
Ticker symbol: CBS (NYSE)
Industry group: Broadcasting

CBT
1 Constitution Plaza
Hartford, Conn 06115
203-244-5000

CEO: Walter J. Connolly Jr
Ticker symbol: CBCT (NASDAQ)
Industry group: Banking

Celanese
1211 Avenue of the Americas
New York, NY 10036
212-719-8000

CEO: John D. Macomber
Ticker symbol: CZ (NYSE)
Industry group: Chemicals

Centel
5725 N East River Road
Chicago, Ill 60631
312-399-2500

CEO: Robert P. Reuss
Ticker symbol: CNT (NYSE)
Industry group: Communications

Centerre Bancorporation
1 Centerre Plaza
St Louis, Mo 63101
314-554-6000

CEO: Clarence C. Barksdale
Ticker symbol: CTBC (NASDAQ)
Industry group: Banking

Central & South West
2121 San Jacinto Street
Dallas, Tex 75266
214-745-1000

CEO: Durwood Chalker
Ticker symbol: CSR (NYSE)
Industry group: Electric utilities

Central Bancorporation
201 East 5th Street
Cincinnati, Ohio 45202
513-651-8896

CEO: Oliver W. Birckhead
Ticker symbol: CBAN (NASDAQ)
Industry group: Banking

Central Bancshares Of The South
701 South 20th Street
Birmingham, Ala 35233
205-933-3000

CEO: Harry B. Brock Jr
Ticker symbol: CBSS (NASDAQ)
Industry group: Banking

Central Fidelity Banks
PO Box 27602
Richmond, Va 23261
804-782-4000

CEO: Carroll L. Saine
Ticker symbol: CFBS (NASDAQ)
Industry group: Banking

Central Illinois Public Service
607 East Adams Street
Springfield, Ill 62701
217-523-3600

CEO: Donald G. Raymer
Ticker symbol: CIP (NYSE)
Industry group: Electric utilities

Central Maine Power
Edison Drive
Augusta, Me 04336
207-623-3521

CEO: John W. Rowe
Ticker symbol: CTP (NYSE)
Industry group: Electric utilities

Central Soya
PO Box 1400
Fort Wayne, Ind 46801
219-425-5100

CEO: Douglas G. Fleming
Ticker symbol: CSY (NYSE)
Industry group: Food products

Centran
PO Box 6179
Cleveland, Ohio 44101
216-344-3000

CEO: Wilson M. Brown Jr
Ticker symbol: CENB (NASDAQ)
Industry group: Banking

CFS Continental
100 South Wacker Drive
Chicago, Ill 60606
312-368-7500

CEO: Robert H. Cohn
Ticker symbol: CFSC (NASDAQ)
Industry group: Food processing

Champion International
1 Champion Plaza
Stamford, Conn 06921
203-358-7000

CEO: Andrew C. Sigler
Ticker symbol: CHA (NYSE)
Industry group: Building materials

Charter
1 Charter Plaza
Jacksonville, Fla 32202
904-358-4111

CEO: Raymond K. Mason
Ticker symbol: CHR (NYSE)
Industry group: Oil refining, marketing

CharterCorp
PO Box 38
Kansas City, Mo 64183
816-221-3200

CEO: Cordon E. Wells
Ticker symbol: CHCP (NASDAQ)
Industry group: Banking

Chase Manhattan
1 Chase Manhattan Plaza
New York, NY 10081
212-552-2222

CEO: Willard C. Butcher
Ticker symbol: CMB (NYSE)
Industry group: Banking

Chemical New York
277 Park Avenue
New York, NY 10172
212-310-6161

CEO: Walter V. Shipley
Ticker symbol: CHL (NYSE)
Industry group: Banking

Chesebrough-Pond's
33 Benedict Place
Greenwich, Conn 06830
203-661-2000

CEO: Ralph E. Ward
Ticker symbol: CBM (NYSE)
Industry group: Cosmetics

Chrysler
PO Box 1919
Detroit, Mich 48288
313-956-5252

CEO: Lee A. Iacocca
Ticker symbol: C (NYSE)
Industry group: Automotive

Chubb
PO Box 1615
Warren, NJ 07061
201-580-2000

CEO: Henry U. Harder
Ticker symbol: CB (NYSE)
Industry group: Insurance

Where to find The Forbes 500s

CIGNA
1 Logan Square
Philadelphia, Pa 19103
215-557-5000

CEO: Robert D. Kilpatrick
Ticker symbol: CI (NYSE)
Industry group: Insurance

Cincinnati Gas & Electric
PO Box 960
Cincinnati, Ohio 45201
513-381-2000

CEO: William H. Dickhoner
Ticker symbol: CIN (NYSE)
Industry group: Electric utilities

Cincinnati Milacron
4701 Marburg Avenue
Cincinnati, Ohio 45209
513-841-8100

CEO: James A. D. Geier
Ticker symbol: CMZ (NYSE)
Industry group: Light machinery

Citadel Holding (formerly Fidelity Federal S&L)
600 North Brand Boulevard
Glendale, Cal 91203
818-956-7100

CEO: Spencer Scott
Ticker symbol: CDL (Amex)
Industry group: Thrift institutions

Citicorp
399 Park Avenue
New York, NY 10043
212-559-1000

CEO: Walter B. Wriston
Ticker symbol: FNC (NYSE)
Industry group: Banking

Citizens & Southern Georgia
PO Box 4899
Atlanta, Ga 30302
404-581-2121

CEO: Bennett A. Brown
Ticker symbol: CSGA (NASDAQ)
Industry group: Banking

Citizens & Southern S C
1801 Main Street
Columbia, SC 29222
803-765-8011

CEO: Hugh M. Chapman
Ticker symbol: CITS (NASDAQ)
Industry group: Banking

Citizens Fidelity
Citizens Plaza
Louisville, Ky 40202
502-581-2100

CEO: J. David Grissom
Ticker symbol: CFDY (NASDAQ)
Industry group: Banking

City Federal Savings & Loan Association
East Jersey St and Jefferson Ave
Elisabeth, NJ 07201
201-355-3300

CEO: Gilbert G. Roessner
Ticker symbol: CTYF (NASDAQ)
Industry group: Thrift institutions

City Investing
59 Maiden Lane
New York, NY 10038
212-530-7300

CEO: George T. Scharffenberger
Ticker symbol: CNV (NYSE)
Industry group: Multi-industry companies

City National
400 North Roxbury Drive
Beverly Hills, Cal 90210
213-550-5400

CEO: Bram Goldsmith
Ticker symbol: CTYN (NASDAQ)
Industry group: Banking

Cleveland Electric Illuminating
PO Box 5000
Cleveland, Ohio 44101
216-622-9800

CEO: Robert M. Ginn
Ticker symbol: CVX (NYSE)
Industry group: Electric utilities

Clorox
1221 Broadway
Oakland, Cal 94612
415-271-7000

CEO: Calvin S. Hatch
Ticker symbol: CLX (NYSE)
Industry group: Food products

Coastal Corp
9 Greenway Plaza
Houston, Tex 77046
713-877-1400

CEO: Oscar S. Wyatt Jr
Ticker symbol: CGP (NYSE)
Industry group: Oil production

Coca-Cola
PO Box 1734
Atlanta, Ga 30301
404-676-2121

CEO: Roberto C. Goizueta
Ticker symbol: KO (NYSE)
Industry group: Candy and soft drinks

Colgate-Palmolive
300 Park Avenue
New York, NY 10022
212-310-2000

CEO: Keith Crane
Ticker symbol: CL (NYSE)
Industry group: Food products

Colonial Penn Group
5 Penn Center Plaza
Philadelphia, Pa 19181
215-988-8000

CEO: John J. MacWilliams
Ticker symbol: CPG (NYSE)
Industry group: Insurance

Colorado National Bankshares
PO Box 5168
Denver, Colo 80217
303-629-1968

CEO: Will F. Nicholson Jr
Ticker symbol: COLC (NASDAQ)
Industry group: Banking

Colt Industries
430 Park Avenue
New York, NY 10022
212-940-0400

CEO: George A. Strichman
Ticker symbol: COT (NYSE)
Industry group: Heavy machinery

Columbia Gas System
20 Montchanin Road
Wilmington, Del 19807
302-429-5000

CEO: W. Frederick Laird
Ticker symbol: CG (NYSE)
Industry group: Natural gas utilities

Columbia Savings & Loan
8730 Wilshire Boulevard
Beverly Hills, Cal 90211
213-657-6134

CEO: Thomas Spiegel
Ticker symbol: CSLA (NASDAQ)
Industry group: Thrift institutions

Combined International
707 Skokie Boulevard
Northbrook, Ill 60062
312-564-8000

CEO: Patrick G. Ryan
Ticker symbol: PMA (NYSE)
Industry group: Insurance

Combustion Engineering
900 Long Ridge Road
Stamford, Conn 06902
203-329-8771

CEO: Arthur J. Santry Jr
Ticker symbol: CSP (NYSE)
Industry group: Heavy machinery

Comerica
211 West Fort Street
Detroit, Mich 48226
313-222-3300

CEO: Donald R. Mandich
Ticker symbol: CMCA (NASDAQ)
Industry group: Banking

Commerce Bancshares
PO Box 13686
Kansas City, Mo 64199
816-234-2000

CEO: James M. Kemper Jr
Ticker symbol: CBSH (NASDAQ)
Industry group: Banking

Commerce Union
1 Commerce Place
Nashville, Tenn 37219
615-749-3333

CEO: Edward G. Nelson
Ticker symbol: COMU (NASDAQ)
Industry group: Banking

Commonwealth Edison
1 First National Plaza
Chicago, Ill 60690
312-294-4321

CEO: James J. O'Connor
Ticker symbol: CWE (NYSE)
Industry group: Electric utilities

Computervision
201 Burlington Road
Bedford, Mass 01730
617-275-1800

CEO: James R. Berrett
Ticker symbol: CVN (NYSE)
Industry group: Data processing

ConAgra
1 Central Park Plaza
Omaha, Neb 68102
402-978-4000

CEO: Charles M. Harper
Ticker symbol: CAG (NYSE)
Industry group: Food products

Consolidated Edison
4 Irving Place
New York, NY 10003
212-460-4600

CEO: Arthur Hauspurg
Ticker symbol: ED (NYSE)
Industry group: Electric utilities

Where to find The Forbes 500s

Consolidated Foods
3 First National Plaza
Chicago, Ill 60602
312-726-2600

CEO: John H. Bryan Jr
Ticker symbol: CFD (NYSE)
Industry group: Food processing

Consolidated Freightways
PO Box 10340
Palo Alto, Cal 94303
415-494-2900

CEO: Raymond F. O'Brien
Ticker symbol: CNF (NYSE)
Industry group: Trucking and air freight

Consolidated Natural Gas
4 Gateway Center
Pittsburgh, Pa 15222
412-227-1000

CEO: George J. Tankersley
Ticker symbol: CNG (NYSE)
Industry group: Natural gas utilities

Consumers Power
212 West Michigan Avenue
Jackson, Mich 49201
517-788-0550

CEO: John D. Selby
Ticker symbol: CMS (NYSE)
Industry group: Electric utilities

Continental Bancorp
Centre Square, 1500 Market St
Philadelphia, Pa 19102
215-564-7000

CEO: Roy T. Peraino
Ticker symbol: CBRP (NASDAQ)
Industry group: Banking

Continental Corp
180 Maiden Lane
New York, NY 10038
212-440-3000

CEO: John P. Mascotte
Ticker symbol: CIC (NYSE)
Industry group: Insurance

Continental Group
1 Harbor Plaza,PO Box 10129
Stamford, Conn 06904
203-964-6000

CEO: S. Bruce Smart Jr
Ticker symbol: CCC (NYSE)
Industry group: Paper and packaging

Continental Illinois
231 South LaSalle Street
Chicago, Ill 60697
312-828-2345

CEO: David G. Taylor
Ticker symbol: CIL (NYSE)
Industry group: Banking

Continental Telecom
245 Perimeter Center Parkway
Atlanta, Ga 30346
404-391-8000

CEO: James V. Napier
Ticker symbol: CTC (NYSE)
Industry group: Communications

Control Data
PO Box 0
Minneapolis, Minn 55420
612-853-8100

CEO: William C. Norris
Ticker symbol: CDA (NYSE)
Industry group: Data processing

Convergent Technologies
2500 Augustine Drive
Santa Clara, Cal 95051
408-727-8830

CEO: Allen H. Michels
Ticker symbol: CVGT (NASDAQ)
Industry group: Data processing

Cooper Industries
PO Box 4446
Houston, Tex 77210
713-739-5400

CEO: Robert Cizik
Ticker symbol: CBE (NYSE)
Industry group: Heavy machinery

Adolph Coors
Golden, Colo 80401
303-279-6565

CEO: William K. Coors
Ticker symbol: ACCOB (NASDAQ)
Industry group: Alcoholic beverages

CoreStates Financial (formerly Philadelphia Natl)
PO Box 7618
Philadelphia, Pa 19101
215-629-3100

CEO: G. Morris Dorrance Jr
Ticker symbol: CSFN (NASDAQ)
Industry group: Banking

Corning Glass Works
Houghton Park
Corning, NY 14831
607-974-9000

CEO: James R. Houghton
Ticker symbol: GLW (NYSE)
Industry group: Appliances-furnishings

Cox Communications
1400 Lake Hearn Drive
Atlanta, Ga 30319
404-843-5000

CEO: William A. Schwartz
Ticker symbol: COX (NYSE)
Industry group: Broadcasting

CPC International
International Plaza, PO Box 8000
Englewood Cliffs, NJ 07632
201-894-4000

CEO: James W. McKee Jr
Ticker symbol: CPC (NYSE)
Industry group: Food products

Cray Research
608 2nd Avenue South
Minneapolis, Minn 55402
612-333-5889

CEO: John A. Rollwagen
Ticker symbol: CYR (NYSE)
Industry group: Data processing

Crocker National
1 Montgomery Street West Tower
San Francisco, Cal 94104
415-983-2000

CEO: John B. M. Place
Ticker symbol: CKN (NYSE)
Industry group: Banking

Crown Central Petroleum
PO Box 1168
Baltimore, Md 21203
301-539-7400

CEO: Henry A. Rosenberg Jr
Ticker symbol: CPNA (Amex)
Industry group: Oil refining, marketing

Crown Cork & Seal
9300 Ashton Road
Philadelphia, Pa 19136
215-698-5100

CEO: John F. Connelly
Ticker symbol: CCK (NYSE)
Industry group: Paper and packaging

Crown Zellerbach
1 Bush Street
San Francisco, Cal 94104
415-951-5000

CEO: William T. Creson
Ticker symbol: ZB (NYSE)
Industry group: Paper and packaging

CSX
PO Box C-32222
Richmond, Va 23261
804-782-1400

CEO: Hays T. Watkins
Ticker symbol: CSX (NYSE)
Industry group: Railroads

Cullen/Frost Bankers
PO Box 1600
San Antonio, Tex 78296
512-220-4011

CEO: Thomas C. Frost
Ticker symbol: CFBI (NASDAQ)
Industry group: Banking

Cummins Engine
PO Box 3005
Columbus, Ind 47202
812-377-5000

CEO: Henry B. Schacht
Ticker symbol: CUM (NYSE)
Industry group: Heavy machinery

Dana
4500 Dorr Street, PO Box 1000
Toledo, Ohio 43697
419-535-4500

CEO: Gerald B. Mitchell
Ticker symbol: DCN (NYSE)
Industry group: Automotive

Dart & Kraft
2211 Sanders Road
Northbrook, Ill 60062
312-498-8000

CEO: John M. Richman
Ticker symbol: DKI (NYSE)
Industry group: Meat and dairy products

Data General
4400 Computer Drive
Westboro, Mass 01580
617-366-8911

CEO: Edson D. DeCastro
Ticker symbol: DGN (NYSE)
Industry group: Data processing

Dauphin Deposit
213 Market Street
Harrisburg, Pa 17105
717-255-2121

CEO: J.D. Wickert
Ticker symbol: DAPN (NASDAQ)
Industry group: Banking

Dayton-Hudson
777 Nicollet Mall
Minneapolis, Minn 55402
612-370-6948

CEO: Kenneth A. Macke
Ticker symbol: DH (NYSE)
Industry group: Department stores

Where to find The Forbes 500s

Dayton Power & Light
Courthouse Plaza SW, Box 1247
Dayton, Ohio 45401
513-224-6000

CEO: Robert E. Frazer
Ticker symbol: DPL (NYSE)
Industry group: Electric utilities

Deere
John Deere Road
Moline, Ill 61265
309-752-8000

CEO: Robert A. Hanson
Ticker Symbol: DE (NYSE)
Industry Group: Heavy machinery

Delmarva Power & Light
PO Box 231
Wilmington, Del 19899
302-429-3011

CEO: Nevius M. Curtis
Ticker symbol: DEW (NYSE)
Industry group: Electric utilities

Delta Air Lines
Atlanta Airport
Atlanta, Ga 30320
404-346-6011

CEO: David C. Garrett Jr
Ticker symbol: DAL (NYSE)
Industry group: Airlines

Deluxe Check Printers
PO Box 64399
St Paul, Minn 55164
612-483-7111

CEO: Eugene R. Olson
Ticker symbol: DLX (NYSE)
Industry group: Business services

Deposit Guaranty
PO Box 1200
Jackson, Miss 39205
601-354-8564

CEO: Emerson B. Robinson Jr
Ticker symbol: DEPS (NASDAQ)
Industry group: Banking

Detroit Edison
2000 2nd Avenue
Detroit, Mich 48226
313-237-8000

CEO: Walter J. McCarthy Jr
Ticker symbol: DTE (NYSE)
Industry group: Electric utilities

Diamond Shamrock
717 North Harwood Street
Dallas, Tex 75201
214-922-2808

CEO: William H. Bricker
Ticker symbol: DIA (NYSE)
Industry group: Oil refining, marketing

Digital Equipment
146 Main Street
Maynard, Mass 01754
617-493-5111

CEO: Kenneth H. Olsen
Ticker symbol: DEC (NYSE)
Industry group: Data processing

Walt Disney Productions
500 South Buena Vista Street
Burbank, Cal 91521
818-840-1000

CEO: Ronald W. Miller
Ticker symbol: DIS (NYSE)
Industry group: Movies and sports

Dominion Bankshares
PO Box 13327
Roanoke, Va 24040
703-563-7000

CEO: Warner N. Dalhouse
Ticker symbol: DMBK (NASDAQ)
Industry group: Banking

Dominion Resources (formerly Va Elec. & Power)
PO Box 26532
Richmond, Va 23261
804-771-3000

CEO: William W. Berry
Ticker symbol: D (NYSE)
Industry group: Electric utilities

Donaldson, Lufkin & Jenrette
140 Broadway
New York, NY 10005
212-902-2000

CEO: Richard H. Jenrette
Ticker symbol: DLJ (NYSE)
Industry group: Securities

R R Donnelley & Sons
2223 Martin Luther King Drive
Chicago, Ill 60616
312-326-8000

CEO: John B. Schwemm
Ticker symbol: DNY (NYSE)
Industry group: Business services

Dorchester Gas
5735 Pineland Drive
Dallas, Tex 75231
214-750-3500

CEO: George S. Rooker
Ticker symbol: DGS (Amex)
Industry group: Oil production

Dover
277 Park Avenue
New York, NY 10017
212-826-7160

CEO: Gary L. Roubos
Ticker symbol: DOV (NYSE)
Industry group: Heavy construction

Dow Chemical
2030 Willard H. Dow Center
Midland, Mich 48640
517-636-1000

CEO: Paul F. Oreffice
Ticker symbol: DOW (NYSE)
Industry group: Chemicals

Dow Jones
22 Cortlandt Street
New York, NY 10007
212-285-5000

CEO: Warren H. Phillips
Ticker symbol: DJ (NYSE)
Industry group: Publishing

Dresser Industries
PO Box 718
Dallas, Tex 75221
214-746-6000

CEO: John J. Murphy
Ticker symbol: DI (NYSE)
Industry group: Oil services

E I du Pont de Nemours
1007 Market Street
Wilmington, Del 19898
302-774-1000

CEO: Edward G. Jefferson
Ticker symbol: DD (NYSE)
Industry group: Chemicals

Duke Power
422 S Church St, PO Box 3318
Charlotte, NC 28242
704-373-4011

CEO: William S. Lee
Ticker symbol: DUK (NYSE)
Industry group: Electric utilities

Dun & Bradstreet
299 Park Avenue
New York, NY 10171
212-593-6800

CEO: Harrington Drake
Ticker symbol: DNB (NYSE)
Industry group: Business services

Duquesne Light
301 Grant Street
Pittsburgh, Pa 15279
412-393-6000

CEO: John M. Arthur
Ticker symbol: DQU (NYSE)
Industry group: Electric utilities

E-Systems
PO Box 660248
Dallas, Tex 75266
214-661-1000

CEO: John W. Dixon
Ticker symbol: ESY (NYSE)
Industry group: Electronics

Eastern Air Lines
Miami International Airport
Miami, Fla 33148
305-873-2211

CEO: Frank Borman
Ticker symbol: EAL (NYSE)
Industry group: Airlines

Eastern Gas & Fuel Associates
1 Beacon Street
Boston, Mass 02108
617-742-9200

CEO: William J. Pruen
Ticker symbol: EFU (NYSE)
Industry group: Coal, nonferrous metals

Eastman Kodak
343 State Street
Rochester, NY 14650
716-724-4000

CEO: Colby H. Chandler
Ticker symbol: EK (NYSE)
Industry group: Precision instruments

Eaton
100 Erieview Plaza
Cleveland, Ohio 44114
216-523-5000

CEO: E. Mandell De Windt
Ticker symbol: ETN (NYSE)
Industry group: Automotive

Jack Eckerd
8333 Brian Dairy
Largo, Fla 33543
813-397-7461

CEO: Stewart Turley
Ticker symbol: ECK (NYSE)
Industry group: Drugs and discount retail

EG&G
45 William Street
Wellesley, Mass 02181
617-237-5100

CEO: Dean W. Freed
Ticker symbol: EGG (NYSE)
Industry group: Electronics

Where to find The Forbes 500s

El Paso Electric
P O Box 982
El Paso, Tex 79960
915-543-5711

CEO: Evern R. Wall
Ticker symbol: ELPA (NASDAQ)
Industry group: Electric utilities

Electronic Data Systems
7171 Forest Lane
Dallas, Tex 75230
214-661-6000

CEO: Morton H. Meyerson
Ticker symbol: EDS (NYSE)
Industry group: Data processing

Emerson Electric
8000 West Florissant Avenue
St Louis, Mo 63136
314-553-2000

CEO: Charles F. Knight
Ticker symbol: EMR (NYSE)
Industry group: Electrical equipment

Emhart
PO Box 2730
Hartford, Conn 06101
203-678-3000

CEO: T. Mitchell Ford
Ticker symbol: EMH (NYSE)
Industry group: Multi-industry companies

Engelhard
Menlo Park, CN-40
Edison, NJ 08818
201-632-6000

CEO: Orin R. Smith
Ticker symbol: EC (NYSE)
Industry group: Rare metals

ENSERCH
300 South St Paul Street
Dallas, Tex 75201
214-651-8700

CEO: William C. McCord
Ticker symbol: ENS (NYSE)
Industry group: Natural gas utilities

Entex
PO Box 2628
Houston, Tex 77001
713-654-5100

CEO: Jackson C. Hinds
Ticker symbol: ETX (NYSE)
Industry group: Natural gas utilities

Equimark
2 Oliver Plaza
Pittsburgh, Pa 15222
412-288-5000

CEO: William E. Bierer
Ticker symbol: EQK (NYSE)
Industry group: Banking

Equitable Bancorporation
100 South Charles Street
Baltimore, Md 21201
301-547-4396

CEO: H. Grant Hathaway
Ticker symbol: EBNC (NASDAQ)
Industry group: Banking

Esmark
55 East Monroe Street
Chicago, Ill 60603
312-431-3600

CEO: Donald P. Kelly
Ticker symbol: ESM (NYSE)
Industry group: Meat and dairy products

Ethyl
330 South 4th Street
Richmond, Va 23219
804-788-5000

CEO: Floyd D. Gottwald Jr
Ticker symbol: EY (NYSE)
Industry group: Chemicals

Evans Products
6917 Collins Avenue
Miami Beach, Fla 33141
305-866-7771

CEO: Victor Posner
Ticker symbol: EVY (NYSE)
Industry group: Distribution

Exxon
1251 Avenue of the Americas
New York, NY 10020
212-398-3000

CEO: Clifton C. Garvin Jr
Ticker symbol: XON (NYSE)
Industry group: Oil refining, marketing

Farm & Home Savings Association
221 West Cherry
Nevada, Mo 64772
417-667-3333

CEO: C. A. Duncan Jr
Ticker symbol: FAHS (NASDAQ)
Industry group: Thrift institutions

Farm House Foods
777 East Wisconsin Avenue
Milwaukee, Wisc 53202
414-271-5050

CEO: Donald E. Runge
Ticker symbol: FHFC (NASDAQ)
Industry group: Distribution

Farmers Group
4680 Wilshire Boulevard
Los Angeles, Cal 90010
213-932-3200

CEO: Richard G. Lindsley
Ticker symbol: FGRP (NASDAQ)
Industry group: Insurance

Federal Co
PO Box 17236
Memphis, Tenn 38187
901-761-3610

CEO: R. Lee Taylor II
Ticker symbol: FFF (NYSE)
Industry group: Meat and dairy products

Federal Express
PO Box 727
Memphis, Tenn 38194
901-369-3600

CEO: Frederick W. Smith
Ticker symbol: FDX (NYSE)
Industry group: Trucking and air freight

Federal National Mortgage Association
3900 Wisconsin Ave NW
Washington, DC 20016
202-537-7000

CEO: David O. Maxwell
Ticker symbol: FNM (NYSE)
Industry group: Real estate investments

Federated Department Stores
7 West 7th Street
Cincinnati, Ohio 45202
513-579-7000

CEO: Howard Goldfeder
Ticker symbol: FDS (NYSE)
Industry group: Department stores

Fidelcor
Broad & Walnut Streets
Philadelphia, Pa 19109
215-985-6000

CEO: Harold W. Pote
Ticker symbol: FICR (NASDAQ)
Industry group: Banking

Fidelity Union Bancorp
765 Broad Street
Newark, NJ 07101
201-246-6000

CEO: Peter Cartmell
Ticker symbol: FDU (NYSE)
Industry group: Banking

Financial Corp of America
6420 Wilshire Boulevard
Los Angeles, Cal 90048
213-653-9550

CEO: Charles W. Knapp
Ticker symbol: FIN (NYSE)
Industry group: Thrift institutions

Financial Corp of Santa Barbara
PO Box 1109
Santa Barbara, Cal 93102
805-963-2025

CEO: David L. Tilton
Ticker symbol: FSB (NYSE)
Industry group: Thrift institutions

Firestone Tire & Rubber
1200 Firestone Parkway
Akron, Ohio 44317
216-379-7000

CEO: John J. Nevin
Ticker symbol: FIR (NYSE)
Industry group: Rubber and plastics

First Alabama Bancshares
PO Box 1448
Montgomery, Ala 36102
205-832-8011

CEO: Willard L. Hurley
Ticker symbol: FABC (NASDAQ)
Industry group: Banking

First American
First American Center
Nashville, Tenn 37237
615-748-2100

CEO: Kenneth L. Roberts
Ticker symbol: FATN (NASDAQ)
Industry group: Banking

First Atlanta
2 Peachtree Street NW
Atlanta, Ga 30383
404-588-5000

CEO: Thomas R. Williams
Ticker symbol: FAC (NYSE)
Industry group: Banking

First Bank System
PO Box 522
Minneapolis, Minn 55480
612-370-5100

CEO: George H. Dixon
Ticker symbol: FBKS (NASDAQ)
Industry group: Banking

First Boston
Park Avenue Plaza
New York, NY 10055
212-909-2000

CEO: Peter T. Buchanan
Ticker symbol: FBC (NYSE)
Industry group: Securities

Where to find The Forbes 500s

First Chicago
1 First National Plaza
Chicago, Ill 60670
312-732-4000

CEO: Barry F. Sullivan
Ticker symbol: FNB (NYSE)
Industry group: Banking

First City Bancorporation of Texas
PO Box 2387
Houston, Tex 77252
713-658-6873

CEO: James A. Elkins Jr
Ticker symbol: FBT (NYSE)
Industry group: Banking

First Commerce
210 Baronne Street
New Orleans, La 70112
504-561-1371

CEO: Ian Arnof
Ticker symbol: FCOM (NASDAQ)
Industry group: Banking

First Empire State
1 M&T Plaza
Buffalo, NY 14240
716-842-4200

CEO: Robert G. Wilmers
Ticker symbol: FEMP (NASDAQ)
Industry group: Banking

First Executive
9777 Wilshire Boulevard
Beverly Hills, Cal 90212
213-273-4202

CEO: Fred Carr
Ticker symbol: FEXC (NASDAQ)
Industry group: Insurance

First Federal of Michigan
1001 Woodward Avenue
Detroit, Mich 48226
313-965-1400

CEO: James A. Aliber
Ticker symbol: FFOM (NASDAQ)
Industry group: Thrift institutions

First Florida Banks
111 Madison Street
Tampa, Fla 33602
813-224-1455

CEO: A. Bronson Thayer
Ticker symbol: FFBK (NASDAQ)
Industry group: Banking

First Hawaiian
165 South King Street
Honolulu, Haw 96813
808-525-7000

CEO: John D. Bellinger
Ticker symbol: FHWN (NASDAQ)
Industry group: Banking

First Interstate Bancorp
PO Box 54068
Los Angeles, Cal 90054
213-614-3001

CEO: Joseph J. Pinola
Ticker symbol: I (NYSE)
Industry group: Banking

First Kentucky National
PO Box 36000
Louisville, Ky 40233
502-581-4377

CEO: A. Stevens Miles
Ticker symbol: FKYN (NASDAQ)
Industry group: Banking

First Maryland Bancorp
25 South Charles
Baltimore, Md 21201
301-244-4000

CEO: J. Owen Cole
Ticker symbol: FMDB (NASDAQ)
Industry group: Banking

First National Cincinnati
PO Box 1038
Cincinnati, Ohio 45201
513-632-4000

CEO: Oliver W. Waddell
Ticker symbol: FNAC (NASDAQ)
Industry group: Banking

First National State Bancorp
550 Broad Street
Newark, NJ 07192
201-565-3200

CEO: Robert R. Ferguson Jr
Ticker symbol: FNS (NYSE)
Industry group: Banking

First National Supermarkets
17000 Rockside Road
Maple Heights, Ohio 44137
216-587-7100

CEO: Richard J. Bogomolny
Ticker symbol: FOOD (NASDAQ)
Industry group: Supermarkets

First of America Bank
108 East Michigan Avenue
Kalamazoo, Mich 49007
616-383-9000

CEO: James H. Duncan
Ticker symbol: FABK (NASDAQ)
Industry group: Banking

First Oklahoma Bancorporation
PO Box 25189
Oklahoma City, Okla 73125
405-272-4000

CEO: Charles A. Vose Jr
Ticker symbol: FOKL (NASDAQ)
Industry group: Banking

First Pennsylvania
1500 Market Street
Philadelphia, Pa 19101
215-786-5000

CEO: George A. Butler
Ticker symbol: FPA (NYSE)
Industry group: Banking

First Security
PO Box 30006
Salt Lake City, Utah 84130
801-350-5000

CEO: Spencer F. Eccles
Ticker symbol: FSCO (NASDAQ)
Industry group: Banking

First Tennessee National
PO Box 84
Memphis, Tenn 38101
901-523-4444

CEO: Ronald Terry
Ticker symbol: FTEN (NASDAQ)
Industry group: Banking

First Union
First Union Plaza
Charlotte, NC 28288
704-374-6565

CEO: C. Clifford Cameron
Ticker symbol: FUNC (NASDAQ)
Industry group: Banking

First Virginia Banks
6400 Arlington Boulevard
Falls Church, Va 22046
703-241-4000

CEO: Thomas K. Malone Jr
Ticker symbol: FVB (NYSE)
Industry group: Banking

First Wisconsin
PO Box 532
Milwaukee, Wisc 53201
414-765-4321

CEO: Hal C. Kuehl
Ticker symbol: FWB (NYSE)
Industry group: Banking

Fischbach
485 Lexington Avenue
New York, NY 10017
212-986-4100

CEO: Alfred R. Manville
Ticker symbol: FIS (NYSE)
Industry group: Heavy construction

Fleet Financial Group
55 Kennedy Plaza
Providence, RI 02903
401-278-5800

CEO: J. Terrence Murray
Ticker symbol: FLT (NYSE)
Industry group: Banking

Fleetwood Enterprises
3125 Myers Street, PO Box 7638
Riverside, Cal 92523
714-351-3500

CEO: John C. Crean
Ticker symbol: FLE (NYSE)
Industry group: Mobile homes-recreation

Fleming Cos
PO Box 26647
Oklahoma City, Okla 73126
405-840-7200

CEO: Richard D. Harrison
Ticker symbol: FLM (NYSE)
Industry group: Distribution

Flickinger
2732 Transit Road
Buffalo, NY 14224
716-675-4000

CEO: Jerry D. Metcalf
Ticker symbol: FLIC (NASDAQ)
Industry group: Distribution

Florida Federal Savings & Loan Assn
PO Box 1509
St Petersburg, Fla 33731
813-893-1131

CEO: Raleigh W. Greene Jr
Ticker symbol: FLFE (NASDAQ)
Industry group: Thrift institutions

Florida National Banks of Florida
PO Box 689
Jacksonville, Fla 32201
904-359-5111

CEO: John D. Uible
Ticker symbol: FNBF (NASDAQ)
Industry group: Banking

Florida Power & Light
PO Box 029100
Miami, Fla 33102
305-552-3552

CEO: John J. Hudiburg
Ticker symbol: FPL (NYSE)
Industry group: Electric utilities

Where to find The Forbes 500s

Florida Progress
270 1st Avenue S, PO Box 33042
St Petersburg, Fla 33733
813-895-1700

CEO: Andrew H. Hines Jr
Ticker symbol: FPC (NYSE)
Industry group: Electric utilities

Fluor
3333 Michelson Drive
Irvine, Cal 92730
714-975-2000

CEO: J. Robert Fluor
Ticker symbol: FLR (NYSE)
Industry group: Heavy construction

FMC
200 East Randolph Drive
Chicago, Ill 60601
312-861-6000

CEO: Robert H. Malott
Ticker symbol: FMC (NYSE)
Industry group: Heavy machinery

Food Lion (formerly Food Town Stores)
PO Box 1330
Salisbury, NC 28144
704-633-8250

CEO: Ralph W. Ketner
Ticker symbol: FDLNB (NASDAQ)
Industry group: Supermarkets

Ford Motor
The American Road, PO Box 1899
Dearborn, Mich 48121
313-322-3000

CEO: Philip Caldwell
Ticker symbol: F (NYSE)
Industry group: Automotive

Fort Howard Paper
PO Box 130
Green Bay, Wisc 54305
414-435-8821

CEO: Paul J. Schierl
Ticker symbol: FHP (NYSE)
Industry group: Paper and packaging

Foster Wheeler
110 South Orange Avenue
Livingston, NJ 07039
201-533-1100

CEO: Louis E. Azzato
Ticker symbol: FWC (NYSE)
Industry group: Heavy machinery

Freeport-McMoRan
200 Park Avenue
New York, NY 10166
212-578-9200

CEO: Benno C. Schmidt
Ticker symbol: FTX (NYSE)
Industry group: Chemicals

Fruehauf
10900 Harper Avenue
Detroit, Mich 48213
313-267-1000

CEO: Robert D. Rowan
Ticker symbol: FTR (NYSE)
Industry group: Automotive

Gannett
Lincoln First Tower
Rochester, NY 14604
716-546-8600

CEO: Allen H. Neuharth
Ticker symbol: GCI (NYSE)
Industry group: Publishing

GATX
120 South Riverside Plaza
Chicago, Ill 60606
312-621-6200

CEO: James J. Glasser
Ticker symbol: GMT (NYSE)
Industry group: Trucking and air freight

GEICO
GEICO Plaza
Washington, DC 20076
301-986-3000

CEO: John J. Byrne
Ticker symbol: GEC (NYSE)
Industry group: Insurance

Gelco
1 Gelco Drive
Eden Prairie, Minn 55344
612-828-1000

CEO: N. Bud Grossman
Ticker symbol: GEL (NYSE)
Industry group: Business services

General Cinema
27 Boylston Street
Chestnut Hill, Mass 02167
617-232-8200

CEO: Richard A. Smith
Ticker symbol: GCN (NYSE)
Industry group: Movies and sports

General Dynamics
Pierre Laclede Center
St Louis, Mo 63105
314-889-8200

CEO: David S. Lewis
Ticker symbol: GD (NYSE)
Industry group: Aerospace

General Electric
3135 Easton Turnpike
Fairfield, Conn 06431
203-373-2211

CEO: John F. Welch Jr
Ticker symbol: GE (NYSE)
Industry group: Electrical equipment

General Foods
250 North Street
White Plains, NY 10625
914-335-2500

CEO: James L. Ferguson
Ticker symbol: GF (NYSE)
Industry group: Food products

General Instrument
1775 Broadway
New York, NY 10019
212-708-7800

CEO: Frank G. Hickey
Ticker symbol: GRL (NYSE)
Industry group: Electronics

General Mills
9200 Wayzata Blvd, PO Box 1113
Minneapolis, Minn 55440
612-540-2311

CEO: H. Brewster Atwater Jr
Ticker symbol: GIS (NYSE)
Industry group: Food products

General Motors
3044 West Grand Boulevard
Detroit, Mich 48202
313-556-5000

CEO: Roger B. Smith
Ticker symbol: GM (NYSE)
Industry group: Automotive

General Public Utilities
100 Interpace Parkway
Parsippany, NJ 07054
201-263-6500

CEO: William G. Kuhns
Ticker symbol: GPU (NYSE)
Industry group: Electric utilities

General Re
600 Steamboat Road
Greenwich, Conn 06830
203-622-4000

CEO: Frank W. Munson
Ticker symbol: GRN (NYSE)
Industry group: Insurance

General Signal
High Ridge Park, Box 10010
Stamford, Conn 06904
203-357-8800

CEO: David T. Kimball
Ticker symbol: GSX (NYSE)
Industry group: Precision instruments

General Tire & Rubber
1 General Street
Akron, Ohio 44329
216-798-3000

CEO: Michael G. O'Neil
Ticker symbol: GY (NYSE)
Industry group: Rubber and plastics

Genuine Parts
2999 Circle 75 Parkway
Atlanta, Ga 30339
404-953-1700

CEO: Wilton Looney
Ticker symbol: GPC (NYSE)
Industry group: Distribution

Georgia-Pacific
133 Peachtree Street NE
Atlanta, Ga 30303
404-521-4000

CEO: T. Marshall Hahn Jr
Ticker symbol: GP (NYSE)
Industry group: Building materials

Giant Food
PO Box 1804
Washington, DC 20013
301-341-4000

CEO: Israel Cohen
Ticker symbol: GFSA (Amex)
Industry group: Supermarkets

Gibraltar Financial Corp of California
9111 Wilshire Boulevard
Beverly Hills, Cal 90213
213-278-8720

CEO: Herbert J. Young
Ticker symbol: GFC (NYSE)
Industry group: Thrift institutions

Gibraltar Savings Association
PO Box 2507
Houston, Tex 77252
713-537-3100

CEO: E. Michael Lallinger
Ticker symbol: GSTX (NASDAQ)
Industry group: Thrift institutions

Gillette
Prudential Tower Building
Boston, Mass 02199
617-421-7449

CEO: Colman M. Mockler Jr
Ticker symbol: GS (NYSE)
Industry group: Cosmetics

Where to find The Forbes 500s

Glendale Federal Savings & Loan
700 North Brand Boulevard
Glendale, Cal 91209
213-500-2000
CEO: Raymond D. Edwards
Ticker symbol: GLEN (NASDAQ)
Industry group: Thrift institutions

Golden West Financial
1970 Broadway
Oakland, Cal 94612
415-645-9200
CEO: Herbert M. Sandler/Marion Sandler
Ticker symbol: GDW (NYSE)
Industry group: Thrift institutions

B F Goodrich
500 South Main Street
Akron, Ohio 44318
216-374-3985
CEO: John D. Ong
Ticker symbol: GR (NYSE)
Industry group: Multi-industry companies

Goodyear Tire & Rubber
1144 East Market Street
Akron, Ohio 44316
216-796-2121
CEO: Robert E. Mercer
Ticker symbol: GT (NYSE)
Industry group: Rubber and plastics

Gould
10 Gould Center
Rolling Meadows, Ill 60008
312-640-4000
CEO: William T. Ylvisaker
Ticker symbol: GLD (NYSE)
Industry group: Electrical equipment

W R Grace
1114 Avenue of the Americas
New York, NY 10036
212-819-6000
CEO: J. Peter Grace
Ticker symbol: GRA (NYSE)
Industry group: Chemicals

W W Grainger
5500 West Howard Street
Skokie, Ill 60077
312-982-9000
CEO: David W. Grainger
Ticker symbol: GWW (NYSE)
Industry group: Distribution

Great American Federal Savings Bank
600 B Street
San Diego, Cal 92183
619-231-1885
CEO: Gordon C. Luce
Ticker symbol: GRTA (NASDAQ)
Industry group: Thrift institutions

Great Atlantic & Pacific Tea
2 Paragon Drive, PO Box 416
Montvale, NJ 07645
201-573-9700
CEO: James Wood
Ticker symbol: GAP (NYSE)
Industry group: Supermarkets

Great Northern Nekoosa
PO Box 9309
Stamford, Conn 06904
203-359-4000
CEO: Robert Hellendale
Ticker symbol: GNN (NYSE)
Industry group: Paper and packaging

Great Western Financial
8484 Wilshire Boulevard
Beverly Hills, Cal 90211
213-852-3411
CEO: James F. Montgomery
Ticker symbol: GWF (NYSE)
Industry group: Thrift institutions

Greyhound
Greyhound Tower
Phoenix, Ariz 85077
602-248-4000
CEO: John W. Teets
Ticker symbol: G (NYSE)
Industry group: Multi-industry companies

Grumman
1111 Stewart Avenue
Bethpage, NY 11714
516-575-0574
CEO: John C. Bierwirth
Ticker symbol: GQ (NYSE)
Industry group: Aerospace

GTE
1 Stamford Forum
Stamford, Conn 06904
203-965-2000
CEO: Theodore F. Brophy
Ticker symbol: GTE (NYSE)
Industry group: Communications

Guarantee Financial Corp of California
1177 Fulton Mall
Fresno, Cal 93721
209-268-8111
CEO: Lewis S. Eaton
Ticker symbol: GFCC (NASDAQ)
Industry group: Thrift institutions

Gulf
PO Box 1166
Pittsburgh, Pa 15230
412-263-5000
CEO: James E. Lee
Ticker symbol: GO (NYSE)
Industry group: Oil refining, marketing

Gulf & Western Industries
1 Gulf & Western Plaza
New York, NY 10023
212-333-7000
CEO: Martin S. Davis
Ticker symbol: GW (NYSE)
Industry group: Multi-industry companies

Gulf States Utilities
PO Box 2951
Beaumont, Tex 77704
409-838-6631
CEO: Paul W. Murrill
Ticker symbol: GSU (NYSE)
Industry group: Electric utilities

Gulfstream Aerospace
PO Box 2206
Savannah, Ga 31402
912-964-3000
CEO: Allen E. Paulson
Ticker symbol: GA (NYSE)
Industry group: Aerospace

Halliburton
2600 Southland Center
Dallas, Tex 75201
214-748-7261
CEO: Thomas H. Cruikshank
Ticker symbol: HAL (NYSE)
Industry group: Oil services

Hammermill Paper
East Lake Road,Box 10050
Erie, Pa 16533
814-456-8811
CEO: Albert F. Duval
Ticker symbol: HML (NYSE)
Industry group: Paper and packaging

Harris Bankcorp
111 West Monroe Street
Chicago, Ill 60603
312-461-2121
CEO: Charles M. Bliss
Ticker symbol: HBC (NYSE)
Industry group: Banking

Harris Corp
1025 West NASA Boulevard
Melbourne, Fla 32919
305-727-9100
CEO: Joseph A. Boyd
Ticker symbol: HRS (NYSE)
Industry group: Electronics

Hartford National
777 Main Street
Hartford, Conn 06115
203-728-2000
CEO: Robert L. Newell
Ticker symbol: HNAT (NASDAQ)
Industry group: Banking

G Heileman Brewing
100 Harborview Plaza
La Crosse, Wisc 54601
608-785-1000
CEO: Russell G. Cleary
Ticker symbol: GHB (NYSE)
Industry group: Alcoholic beverages

H J Heinz
600 Grant Street
Pittsburgh, Pa 15219
412-237-5757
CEO: Anthony J. F. O'Reilly
Ticker symbol: HNZ (NYSE)
Industry group: Food processing

Hercules
Hercules Plaza
Wilmington, Del 19894
302-594-5000
CEO: Alexander F. Giacco
Ticker symbol: HPC (NYSE)
Industry group: Chemicals

Hershey Foods
100 Mansion Road East
Hershey, Pa 17033
717-534-4000
CEO: Richard A. Zimmerman
Ticker symbol: HSY (NYSE)
Industry group: Candy and soft drinks

Hewlett-Packard
3000 Hanover Street
Palo Alto, Cal 94304
415-857-1501
CEO: John A. Young
Ticker symbol: HWP (NYSE)
Industry group: Precision instruments

Hilton Hotels
9880 Wilshire Boulevard
Beverly Hills, Cal 90210
213-278-4321
CEO: Barron Hilton
Ticker symbol: HLT (NYSE)
Industry group: Lodging and restaurants

Where to find The Forbes 500s

Holiday Inns
3742 Lamar Avenue
Memphis, Tenn 38195
901-362-4338
CEO: Michael D. Rose
Ticker symbol: HIA (NYSE)
Industry group: Lodging and restaurants

Home Federal Savings & Loan
707 Broadway
San Diego, Cal 92101
619-699-8000
CEO: Kim Fletcher
Ticker symbol: HFED (NASDAQ)
Industry group: Thrift institutions

Homestake Mining
650 California Street
San Francisco, Cal 94108
415-981-8150
CEO: Harry M. Conger
Ticker symbol: HM (NYSE)
Industry group: Rare metals

Honeywell
Honeywell Plaza
Minneapolis, Minn 55408
612-870-5200
CEO: Edson W. Spencer
Ticker symbol: HON (NYSE)
Industry group: Data processing

Horizon Bancorp
334 Madison Avenue
Morristown, NJ 07960
201-539-7700
CEO: William J. Shepherd
Ticker symbol: HZB (NYSE)
Industry group: Banking

George A Hormel
PO Box 800
Austin, Minn 55912
507-437-5663
CEO: Richard L. Knowlton
Ticker symbol: HRL (Amex)
Industry group: Meat and dairy products

Hospital Corp of America
1 Park Plaza,
Nashville, Tenn 37203
615-327-9551
CEO: Thomas F. Frist Jr
Ticker symbol: HCA (NYSE)
Industry group: Medical equip,services

Household International
2700 Sanders Road
Prospect Heights, Ill 60070
312-564-5000
CEO: Donald C. Clark
Ticker symbol: HI (NYSE)
Industry group: Credit

Houston Industries
PO Box 4505
Houston, Tex 77210
713-228-2474
CEO: Don D. Jordan
Ticker symbol: HOU (NYSE)
Industry group: Electric utilities

Houston Natural Gas
PO Box 1188
Houston, Tex 77001
713-654-6161
CEO: M. D. Matthews
Ticker symbol: HNG (NYSE)
Industry group: Natural gas utilities

Hughes Tool
6500 Texas Commerce Tower
Houston, Tex 77002
713-222-0686
CEO: James R. Lesch
Ticker symbol: HT (NYSE)
Industry group: Oil services

Humana
PO Box 1438
Louisville, Ky 40201
502-561-2000
CEO: David A. Jones
Ticker symbol: HUM (NYSE)
Industry group: Medical equip,services

Huntington Bancshares
17 South High Street
Columbus, Ohio 43215
614-469-7000
CEO: Frank Wobst
Ticker symbol: HBAN (NASDAQ)
Industry group: Banking

E F Hutton Group
1 Battery Park Plaza
New York, NY 10004
212-742-5000
CEO: Robert Fomon
Ticker symbol: EFH (NYSE)
Industry group: Securities

IC Industries
111 East Wacker Drive
Chicago, Ill 60601
312-565-3000
CEO: William B. Johnson
Ticker symbol: ICX (NYSE)
Industry group: Railroads

Idaho Power
PO Box 70
Boise, Ida 83707
208-383-2200
CEO: James E. Bruce
Ticker symbol: IDA (NYSE)
Industry group: Electric utilities

Illinois Power
500 South 27th Street
Decatur, Ill 62525
217-424-6600
CEO: Wendell J. Kelley
Ticker symbol: IPC (NYSE)
Industry group: Electric utilities

Imperial Corp of America
PO Box 631
San Diego, Cal 92112
619-292-3900
CEO: Matthew J. Shevlin
Ticker symbol: ICA (NYSE)
Industry group: Thrift institutions

Indiana National
1 Indiana Square
Indianapolis, Ind 46266
317-266-6000
CEO: Thomas M. Miller
Ticker symbol: INAT (NASDAQ)
Industry group: Banking

Ingersoll-Rand
200 Chestnut Ridge Road
Woodcliff Lake, NJ 07675
201-573-0123
CEO: Thomas A. Holmes
Ticker symbol: IR (NYSE)
Industry group: Heavy machinery

Inland Steel
30 West Monroe Street
Chicago, Ill 60603
312-346-0300
CEO: Frank W. Luerssen
Ticker symbol: IAD (NYSE)
Industry group: Iron and steel

Integrated Resources
666 Third Avenue
New York, NY 10017
212-551-6000
CEO: Selig A. Zises
Ticker symbol: IRE (NYSE)
Industry group: Business services

Intel
3065 Bowers Avenue
Santa Clara, Cal 95051
408-987-8080
CEO: Gordon E. Moore
Ticker symbol: INTC (NASDAQ)
Industry group: Electronics

Interco
10 Broadway
St Louis, Mo 63102
314-231-1100
CEO: Harvey K. Saligman
Ticker symbol: ISS (NYSE)
Industry group: Footwear

InterFirst
1201 Elm Street
Dallas, Tex 75270
214-744-7100
CEO: Robert H. Stewart III
Ticker symbol: IFC (NYSE)
Industry group: Banking

Intergraph
1 Madison Industrial Park
Huntsville, Ala 35807
205-772-2000
CEO: James W. Meadlock
Ticker symbol: INGR (NASDAQ)
Industry group: Data processing

International Business Machines
Old Orchard Road
Armonk, NY 10504
914-765-1900
CEO: John R. Opel
Ticker symbol: IBM (NYSE)
Industry group: Data processing

International Flavors & Fragrances
521 West 57th Street
New York, NY 10019
212-765-5500
CEO: Henry G. Walter Jr
Ticker symbol: IFF (NYSE)
Industry group: Chemicals

International Harvester
401 North Michigan Avenue
Chicago, Ill 60611
312-836-2000
CEO: Donald D. Lennox
Ticker symbol: HR (NYSE)
Industry group: Heavy machinery

International Minerals & Chemical
2315 Sanders Road
Northbrook, Ill 60062
312-564-8600
CEO: George D. Kennedy
Ticker symbol: IGL (NYSE)
Industry group: Chemicals

Where to find The Forbes 500s

International Paper
77 West 45th Street
New York, NY 10036
212-536-6000
CEO: Edwin A. Gee
Ticker symbol: IP (NYSE)
Industry group: Paper and packaging

InterNorth
2223 Dodge Street
Omaha, Neb 68108
402-633-4000
CEO: Sam F. Segnar
Ticker symbol: INI (NYSE)
Industry group: Natural gas utilities

Iowa-Illinois Gas & Electric
206 East 2nd Street
Davenport, Iowa 52801
319-326-7111
CEO: Barry C. O'Brien
Ticker symbol: IWG (NYSE)
Industry group: Electric utilities

IPALCO Enterprises (formerly Indianapolis P&L)
PO Box 1595-B
Indianapolis, Ind 46206
317-261-8261
CEO: Zane G. Todd
Ticker symbol: IPL (NYSE)
Industry group: Electric utilities

Irving Bank
1 Wall Street
New York, NY 10005
212-487-2121
CEO: Joseph A. Rice
Ticker symbol: V (NYSE)
Industry group: Banking

ITT
320 Park Avenue
New York, NY 10022
212-752-6000
CEO: Rand V. Araskog
Ticker symbol: ITT (NYSE)
Industry group: Multi-industry companies

IU International
1105 North Market Street
Wilmington, Del 19801
302-571-5000
CEO: John Gilray Christy
Ticker symbol: IU (NYSE)
Industry group: Multi-industry companies

James River Corp of Virginia
PO Box 2218
Richmond, Va 23217
804-644-5411
CEO: Brenton S. Halsey
Ticker symbol: JR (NYSE)
Industry group: Paper and packaging

Jefferson-Pilot
PO Box 21008
Greensboro, NC 27420
919-378-2011
CEO: W. Roger Soles
Ticker symbol: JP (NYSE)
Industry group: Insurance

Jewel Cos
5725 East River Road
Chicago, Ill 60631
312-693-6000
CEO: Weston R. Christopherson
Ticker symbol: JWL (NYSE)
Industry group: Supermarkets

Jim Walter
1500 North Dale Mabry
Tampa, Fla 33607
813-871-4811
CEO: Joe B. Cordell
Ticker symbol: JWC (NYSE)
Industry group: Building materials

Johnson & Johnson
1 Johnson & Johnson Plaza
New Brunswick, NJ 08933
201-524-0400
CEO: James E. Burke
Ticker symbol: JNJ (NYSE)
Industry group: Medical equip,services

Johnson Controls
5757 North Green Bay Avenue
Milwaukee, Wi 53201
414-228-1200
CEO: Fred L. Brengel
Ticker symbol: JCI (NYSE)
Industry group: Precision instruments

K Mart
3100 West Big Beaver Road
Troy, Mich 48084
313-643-1000
CEO: Bernard M. Fauber
Ticker symbol: KM (NYSE)
Industry group: Drugs and discount retail

Kaiser Aluminum & Chemical
300 Lakeside Drive
Oakland, Cal 94643
415-271-3300
CEO: Cornell C. Maier
Ticker symbol: KLU (NYSE)
Industry group: Coal, nonferrous metals

Kansas City Power & Light
1330 Baltimore Avenue
Kansas City, Mo 64105
816-556-2200
CEO: Arthur J. Doyle
Ticker symbol: KLT (NYSE)
Industry group: Electric utilities

Kansas Gas & Electric
201 North Market Street
Wichita, Kan 67201
316-261-6611
CEO: Wilson K. Cadman
Ticker symbol: KGE (NYSE)
Industry group: Electric utilities

Kansas Power & Light
PO Box 889
Topeka, Kan 66601
913-296-6300
CEO: William E. Wall
Ticker symbol: KAN (NYSE)
Industry group: Electric utilities

Kellogg
235 Porter Street
Battle Creek, Mich 49016
616-966-2000
CEO: William E. LaMothe
Ticker symbol: K (NYSE)
Industry group: Food products

Kemper
Long Grove, Ill 60049
312-540-2000
CEO: Joseph E. Luecke
Ticker symbol: KEMC (NASDAQ)
Industry group: Insurance

Kentucky Utilities
1 Quality Street
Lexington, Ky 40507
606-255-1461
CEO: William B. Bechanan
Ticker symbol: KU (NYSE)
Industry group: Electric utilities

Kerr-McGee
PO Box 25861
Oklahoma City, Okla 73125
405-270-1313
CEO: Frank A. McPherson
Ticker symbol: KMG (NYSE)
Industry group: Oil refining, marketing

Key Banks
60 State Street
Albany, NY 12207
518-447-3500
CEO: Victor J. Riley Jr
Ticker symbol: KEY (NYSE)
Industry group: Banking

Kidde
Park 80 W-Plaza 2, PO Box 5555
Saddle Brook, NJ 07662
201-368-9000
CEO: Fred R. Sullivan
Ticker symbol: KDE (NYSE)
Industry group: Multi-industry companies

Kimberly-Clark
North Lake Street
Neenah, Wisc 54956
414-721-2000
CEO: Darwin E. Smith
Ticker symbol: KMB (NYSE)
Industry group: Paper and packaging

Knight-Ridder Newspapers
1 Herold Plaza
Miami, Fla 33101
305-350-2650
CEO: Alvah H. Chapman Jr
Ticker symbol: KRN (NYSE)
Industry group: Publishing

Koppers
436 7th Avenue
Pittsburgh, Pa 15219
412-227-2000
CEO: Charles R. Pullin
Ticker symbol: KOP (NYSE)
Industry group: Chemicals

Kroger
1014 Vine Street
Cincinnati, Ohio 45201
513-762-4000
CEO: Lyle Everingham
Ticker symbol: KR (NYSE)
Industry group: Supermarkets

Lear Siegler
PO Box 2158
Santa Monica, Cal 90406
213-452-6000
CEO: Robert T. Campion
Ticker symbol: LSI (NYSE)
Industry group: Multi-industry companies

Leaseway Transportation
3700 Park East Drive
Cleveland, Ohio 44122
216-464-3300
CEO: Gerald C. McDonough
Ticker symbol: LTC (NYSE)
Industry group: Trucking and air freight

Where to find The Forbes 500s

Levi Strauss
1155 Battery Street
San Francisco, Cal 94111
415-544-6000

CEO: Robert Hass
Ticker symbol: LVI (NYSE)
Industry group: Apparel

Libbey-Owens-Ford
811 Madison Avenue, PO Box 799
Toledo, Ohio 43695
419-247-3731

CEO: Don T. McKone
Ticker symbol: LOF (NYSE)
Industry group: Building materials

Liberty National
PO Box 25848
Oklahoma City, Okla 73125
405-231-6000

CEO: John W. McLean
Ticker symbol: LIBN (NASDAQ)
Industry group: Banking

Eli Lilly
307 East McCarty Street
Indianapolis, Ind 46285
317-261-2000

CEO: Richard D. Wood
Ticker symbol: LLY (NYSE)
Industry group: Drugs

Limited
1 Limited Parkway, PO Box 16528
Columbus, Ohio 43216
614-475-4000

CEO: Leslie H. Wexner
Ticker symbol: LTD (NYSE)
Industry group: Specialty retail

Lincoln First Banks
1 Lincoln First Square
Rochester, NY 14643
716-258-5000

CEO: William Balderston III
Ticker symbol: LFBK (NASDAQ)
Industry group: Banking

Lincoln National
PO Box 1110
Fort Wayne, Ind 46801
219-427-2000

CEO: Ian M. Rolland
Ticker symbol: LNC (NYSE)
Industry group: Insurance

Litton Industries
360 North Crescent Drive
Beverly Hills, Cal 90210
213-859-5000

CEO: Fred W. O'Green
Ticker symbol: LIT (NYSE)
Industry group: Multi-industry companies

Lockheed
Box 551
Burbank, Cal 91520
818-847-6121

CEO: Roy A. Anderson
Ticker symbol: LK (NYSE)
Industry group: Aerospace

Loews
666 5th Avenue
New York, NY 10103
212-841-1000

CEO: Laurence A. Tisch
Ticker symbol: LTR (NYSE)
Industry group: Tobacco

Long Island Lighting
250 Old Country Road
Mineola, NY 11501
516-228-2890

CEO: William J Catacosinos
Ticker symbol: LIL (NYSE)
Industry group: Electric utilities

Longs Drug Stores
PO Box 5222
Walnut Creek, Cal 94596
415-937-1170

CEO: Robert M. Long
Ticker symbol: LDG (NYSE)
Industry group: Drugs and discount retail

Louisiana Land & Exploration
PO Box 60350
New Orleans, La 70160
504-566-6500

CEO: E. L. Williamson
Ticker symbol: LLX (NYSE)
Industry group: Oil services

Louisiana-Pacific
111 SW 5th Avenue
Portland, Ore 97204
503-221-0800

CEO: Harry A. Merlo
Ticker symbol: LPX (NYSE)
Industry group: Building materials

Louisville Gas & Electric
PO Box 32010
Louisville, Ky 40232
502-566-4011

CEO: Robert L. Royer
Ticker symbol: LOU (NYSE)
Industry group: Electric utilities

Lowe's Companies
Box 1111
North Wilkesboro, NC 28656
919-667-3111

CEO: Leonard G. Herring
Ticker symbol: LOW (NYSE)
Industry group: Distribution

LTV
PO Box 225003
Dallas, Tex 75265
214-746-7711

CEO: Raymond A. Hay
Ticker symbol: LTV (NYSE)
Industry group: Multi-industry companies

Lubrizol
29400 Lakeland Boulevard
Wickliffe, Ohio 44092
216-943-4200

CEO: Lester E. Coleman
Ticker symbol: LZ (NYSE)
Industry group: Chemicals

Lucky Stores
PO Box 88
Dublin, Cal 94568
415-833-6000

CEO: S. Donley Ritchey
Ticker symbol: LKS (NYSE)
Industry group: Supermarkets

M/A-Com
7 New England Executive Park
Burlington, Mass 01803
617-272-9600

CEO: Richard T. Di Bona
Ticker symbol: MAI (NYSE)
Industry group: Electronics

Mack Trucks
2100 Mack Boulevard, Box M
Allentown, Penn 18105
215-439-3011

CEO: John B. Curcio
Ticker symbol: MACK (NASDAQ)
Industry group: Automotive

R H Macy
151 West 34th Street
New York, NY 10001
212-560-3600

CEO: Edward S. Finkelstein
Ticker symbol: MZ (NYSE)
Industry group: Department stores

Malone & Hyde
1991 Corporate Avenue
Memphis, Tenn 38132
901-345-4200

CEO: Joseph R. Hyde III
Ticker symbol: MHI (NYSE)
Industry group: Distribution

Manufacturers Hanover
270 Park Avenue
New York, NY 10017
212-286-6000

CEO: John F. McGillicuddy
Ticker symbol: MHC (NYSE)
Industry group: Banking

Manufacturers National
PO Box 659
Detroit, Mich 48231
313-222-4700

CEO: Dean E. Richardson
Ticker symbol: MNTL (NASDAQ)
Industry group: Banking

Manville
Ken Caryl Ranch
Denver, Colo 80217
303-978-2000

CEO: John A. McKinney
Ticker symbol: MAN (NYSE)
Industry group: Building materials

MAPCO
1800 S Baltimore Avenue
Tulsa, Okla 74119
918-584-4471

CEO: James E. Barnes
Ticker symbol: MDA (NYSE)
Industry group: Oil production

Marine
PO Box 481
Milwaukee, Wisc 53201
414-765-3000

CEO: George R. Slater
Ticker symbol: MCRP (NASDAQ)
Industry group: Banking

Marine Midland Banks
1 Marine Midland Center
Buffalo, NY 14240
716-843-2424

CEO: John R. Petty
Ticker symbol: MM (NYSE)
Industry group: Banking

Marion Laboratories
9221 Ward Parkway
Kansas City, Mo 64114
816-363-4900

CEO: Ewing M. Kauffmann
Ticker symbol: MKC (NYSE)
Industry group: Drugs

Where to find The Forbes 500s

Marriott
1 Marriott Drive
Washington, DC 20058
301-897-9000

CEO: J. Willard Marriott Jr
Ticker symbol: MHS (NYSE)
Industry group: Lodging and restaurants

Marsh & McLennan Cos
1221 Avenue of the Americas
New York, NY 10020
212-997-2000

CEO: John M. Regan Jr
Ticker symbol: MMC (NYSE)
Industry group: Business services

Marshall & Ilsley
770 North Water Street
Milwaukee, Wisc 53202
414-765-7801

CEO: William N. Godfrey
Ticker symbol: MRIS (NASDAQ)
Industry group: Banking

Martin Marietta
6801 Rockledge Drive
Bethesda, Md 20817
301-897-6000

CEO: Thomas G. Pownall
Ticker symbol: ML (NYSE)
Industry group: Multi-industry companies

Maryland National
10 Light Street
Baltimore, Md 21202
301-244-5000

CEO: Alan P. Hoblitzell Jr
Ticker symbol: MDNT (NASDAQ)
Industry group: Banking

Masco
21001 Van Born Road
Taylor, Mich 48180
313-274-7400

CEO: Richard A. Manoogian
Ticker symbol: MAS (NYSE)
Industry group: Building materials

May Department Stores
611 Olive Street
St Louis, Mo 63101
314-342-6300

CEO: David C. Farrell
Ticker symbol: MA (NYSE)
Industry group: Department stores

Maytag
403 West 4th Street North
Newton, Iowa 50208
515-792-7000

CEO: Daniel J. Krumm
Ticker symbol: MYG (NYSE)
Industry group: Appliances-furnishings

MCA
100 Universal City Plaza
Universal City, Cal 91608
213-985-4321

CEO: Lew R. Wasserman
Ticker symbol: MCA (NYSE)
Industry group: Movies and sports

McDonald's
1 McDonalds Plaza
Oak Brook, Ill 60521
312-887-3500

CEO: Fred L. Turner
Ticker symbol: MCD (NYSE)
Industry group: Lodging and restaurants

McDonnell Douglas
PO Box 516
St Louis, Mo 63166
314-232-0232

CEO: Sanford N. McDonnell
Ticker symbol: MD (NYSE)
Industry group: Aerospace

McGraw-Edison
1701 Golf Road
Rolling Meadows, Ill 60008
312-981-3800

CEO: Edward J. Williams
Ticker symbol: MGR (NYSE)
Industry group: Electrical equipment

McGraw-Hill
1221 Avenue of the Americas
New York, NY 10020
212-512-1000

CEO: Joseph L. Dionne
Ticker symbol: MHP (NYSE)
Industry group: Publishing

MCI Communications
1133 19th Street NW
Washington, DC 20036
202-872-1600

CEO: William G. McGowan
Ticker symbol: MCIC (NASDAQ)
Industry group: Communications

McKesson
1 Post Street
San Francisco, Cal 94104
415-983-8300

CEO: Neil E. Harlan
Ticker symbol: MCK (NYSE)
Industry group: Distribution

Mead
Courthouse Plaza NE
Dayton, Ohio 45463
513-222-6323

CEO: Burnell R. Roberts
Ticker symbol: MEA (NYSE)
Industry group: Paper and packaging

Medtronic
3055 Old Highway 8
Minneapolis, Minn 55418
612-574-4000

CEO: Dale R. Olseth
Ticker symbol: MDT (NYSE)
Industry group: Medical equip,services

Mellon National
Mellon Square
Pittsburgh, Pa 15230
412-234-4100

CEO: J. David Barnes
Ticker symbol: MEL (NYSE)
Industry group: Banking

Melville
3000 Westchester Avenue
Harrison, NY 10528
914-253-8000

CEO: Francis C. Rooney Jr
Ticker symbol: MES (NYSE)
Industry group: Specialty retail

Mercantile Bancorporation
Mercantile Tower
St Louis, Mo 63166
314-425-2270

CEO: Donald E. Lasater
Ticker symbol: MTRC (NASDAQ)
Industry group: Banking

Mercantile Bankshares
2 Hopkins Plaza, PO Box 1477
Baltimore, Md 21203
301-237-5900

CEO: H. Furlong Baldwin
Ticker symbol: MRBK (NASDAQ)
Industry group: Banking

Mercantile Stores
128 West 31st Street
New York, NY 10001
212-560-0500

CEO: Leon F. Winbigler
Ticker symbol: MST (NYSE)
Industry group: Department stores

Mercantile Texas
PO Box 225415
Dallas, Tex 75265
214-698-5000

CEO: Gene H. Bishop
Ticker symbol: MTD (NYSE)
Industry group: Banking

Merchants National
1 Merchants Plaza
Indianapolis, Ind 46255
317-267-6100

CEO: Otto N. Frenzel III
Ticker symbol: MCHN (NASDAQ)
Industry group: Banking

Merck
PO Box 2000
Rahway, NJ 07065
201-574-4000

CEO: John J. Horan
Ticker symbol: MRK (NYSE)
Industry group: Drugs

Meridian Bancorp (formerly American Bancorp)
35 North 6th St, PO Box 1102
Reading, Pa 19603
215-320-2500

CEO: Samuel A. McCullough
Ticker symbol: MRDN (NASDAQ)
Industry group: Banking

Merrill Lynch
165 Broadway
New York, NY 10080
212-637-7455

CEO: Roger E. Birk
Ticker symbol: MER (NYSE)
Industry group: Securities

Mesa Petroleum
1 Mesa Square, PO Box 2009
Amarillo, Tex 79189
806-378-1000

CEO: T. Boone Pickens Jr
Ticker symbol: MSA (NYSE)
Industry group: Oil services

Metromedia
1 Harmon Plaza
Secaucus, NJ 07094
201-348-3244

CEO: John W. Kluge
Ticker symbol: MET (NYSE)
Industry group: Broadcasting

MGM/UA Entertainment
10202 West Washington Blvd.
Culver City, Cal 90230
213-558-5000

CEO: Frank Rothman
Ticker symbol: MGM (NYSE)
Industry group: Movies and sports

Where to find The Forbes 500s

MGM/UA Home Entertainment Group
1700 Broadway
New York, NY 10019
212-408-0600
CEO: Seymour Leslie
Ticker symbol: HEG (NYSE)
Industry group: Movies and sports

Michigan National
PO Box 589
Bloomfield Hills, Mich 48303
313-642-9001
CEO: Stanford C. Stoddard
Ticker symbol: MNCO (NASDAQ)
Industry group: Banking

MidCon
701 East 22nd St, PO Box 1207
Lombard, Ill 60148
312-691-2500
CEO: Orval C. Davis
Ticker symbol: MCN (NYSE)
Industry group: Natural gas utilities

Middle South Utilities
PO Box 61005
New Orleans, La 70161
504-529-5262
CEO: Floyd W. Lewis
Ticker symbol: MSU (NYSE)
Industry group: Electric utilities

Midlantic Banks
Metro Park Plaza, PO Box 600
Edison, NJ 08818
201-321-8000
CEO: Robert Van Buren
Ticker symbol: MIDL (NASDAQ)
Industry group: Banking

Minnesota Mining & Manufacturing
3M Center
St Paul, Minn 55144
612-733-1110
CEO: Lewis W. Lehr
Ticker symbol: MMM (NYSE)
Industry group: Multi-industry companies

Minnesota Power
30 West Superior Street
Duluth, Minn 55802
218-722-2641
CEO: Jack F. Rowe
Ticker symbol: MPL (NYSE)
Industry group: Electric utilities

Mitchell Energy & Development
PO Box 4000
The Woodlands, Tex 77380
713-363-5500
CEO: George P. Mitchell
Ticker symbol: MND (Amex)
Industry group: Oil production

Mobil
150 East 42nd Street
New York, NY 10017
212-883-4242
CEO: Rawleigh Warner Jr
Ticker symbol: MOB (NYSE)
Industry group: Oil refining, marketing

Molex
2222 Wellington Court
Lisle, Ill 60532
312-969-4550
CEO: John H. Krehbiel Jr
Ticker symbol: MOLX (NASDAQ)
Industry group: Electronics

Monfort Of Colorado
PO Box G
Greeley, Colo 80631
303-353-2311
CEO: Kenneth W. Monfort
Ticker symbol: MNFT (NASDAQ)
Industry group: Meat and dairy products

Monsanto
800 North Lindbergh Boulevard
St Louis, Mo 63167
314-694-1000
CEO: Richard J. Mahoney
Ticker symbol: MTC (NYSE)
Industry group: Chemicals

Montana Power
40 East Broadway
Butte, Mont 59701
406-723-5421
CEO: W. Paul Schmechel
Ticker symbol: MTP (NYSE)
Industry group: Electric utilities

Moore Financial Group
101 South Capitol Boulevard
Boise, Ida 83733
208-383-7000
CEO: Fred C. Humphreys
Ticker symbol: MFGI (NASDAQ)
Industry group: Banking

J P Morgan
23 Wall Street
New York, NY 10015
212-483-2323
CEO: Lewis T. Preston
Ticker symbol: JPM (NYSE)
Industry group: Banking

Morrison-Knudsen
PO Box 7808
Boise, Ida 83729
208-345-5000
CEO: William R. McMurren
Ticker symbol: MRN (NYSE)
Industry group: Heavy construction

Morton Thiokol
110 North Wacker Drive
Chicago, Ill 60606
312-621-5328
CEO: Charles S. Locke
Ticker symbol: MTI (NYSE)
Industry group: Chemicals

Motorola
1303 East Algonquin Road
Schaumburg, Ill 60196
312-397-5000
CEO: Robert W. Galvin
Ticker symbol: MOT (NYSE)
Industry group: Electronics

Mountain Fuel Supply
PO Box 11368
Salt Lake City, Utah 84139
801-534-5555
CEO: R. D. Cash
Ticker symbol: MFS (NYSE)
Industry group: Natural gas utilities

Murphy Oil
200 Peach Street
El Dorado, Ark 71730
501-862-6411
CEO: Robert J. Sweeney
Ticker symbol: MUR (NYSE)
Industry group: Oil refining, marketing

Nabisco Brands
Nabisco Brands Plaza
Parsippany, NJ 07054
201-898-7100
CEO: Robert M. Schaeberle
Ticker symbol: NB (NYSE)
Industry group: Food products

Nalco Chemical
2901 Butterfield Road
Oak Brook, Ill 60521
312-887-7500
CEO: Worley H. Clark
Ticker symbol: NLC (NYSE)
Industry group: Chemicals

National Bancshares Corp of Texas
PO Drawer 121
San Antonio, Tex 78291
512-225-2511
CEO: Richard W. Calvert
Ticker symbol: NBAN (NASDAQ)
Industry group: Banking

National Can
8101 Higgins Road
Chicago, Ill 60631
312-399-5000
CEO: Frank W. Considine
Ticker symbol: NAC (NYSE)
Industry group: Paper and packaging

National City
1900 East 9th Street
Cleveland, Ohio 44114
216-575-2000
CEO: Julien L. McCall
Ticker symbol: NCTY (NASDAQ)
Industry group: Banking

National Distillers & Chemical
99 Park Avenue
New York, NY 10016
212-949-5000
CEO: Drummond C. Bell
Ticker symbol: DR (NYSE)
Industry group: Multi-industry companies

National Intergroup (formerly National Steel)
20 Stanwix Street
Pittsburgh, Pa 15222
412-394-4100
CEO: Howard M. Love
Ticker symbol: NII (NYSE)
Industry group: Iron and steel

National Medical Enterprises
11620 Wilshire Boulevard
Los Angeles, Cal 90025
213-479-5526
CEO: Richard K. Eamer
Ticker symbol: NME (NYSE)
Industry group: Medical equip,services

National Semiconductor
2900 Semiconductor Drive
Santa Clara, Cal 95051
408-721-5000
CEO: Charles E. Sporck
Ticker symbol: NSM (NYSE)
Industry group: Electronics

National Service Industries
1180 Peachtree Street NE
Atlanta, Ga 30309
404-892-2400
CEO: Erwin Zaban
Ticker symbol: NAS (NYSE)
Industry group: Business services

Where to find The Forbes 500s

NBD Bancorp
611 Woodward Avenue
Detroit, Mich 48226
313-225-1000
CEO: Charles T. Fisher III
Ticker symbol: NBD (NYSE)
Industry group: Banking

NCNB
PO Box 120
Charlotte, NC 28255
704-374-5000
CEO: Hugh L. McColl Jr
Ticker symbol: NCB (NYSE)
Industry group: Banking

NCR
1700 South Patterson Boulevard
Dayton, Ohio 45479
513-445-5000
CEO: Charles E. Exley Jr
Ticker symbol: NCR (NYSE)
Industry group: Office equipment

New England Electric System
25 Research Drive
Westborough, Mass 01581
617-366-9011
CEO: Guy W. Nichols
Ticker symbol: NES (NYSE)
Industry group: Electric utilities

New York State Electric & Gas
4500 Vestal Parkway East
Binghamton, NY 13902
607-729-2551
CEO: Wells P. Allen Jr
Ticker symbol: NGE (NYSE)
Industry group: Electric utilities

New York Times
229 West 43rd Street
New York, NY 10036
212-556-1234
CEO: Arthur Ochs Sulzberger
Ticker symbol: NYTA (Amex)
Industry group: Publishing

Newmont Mining
200 Park Avenue
New York, NY 10166
212-953-6900
CEO: Plato Malozemoff
Ticker symbol: NEM (NYSE)
Industry group: Coal, nonferrous metals

Niagara Mohawk Power
300 Erie Boulevard West
Syracuse, NY 13202
315-474-1511
CEO: John G. Haehl Jr
Ticker symbol: NMK (NYSE)
Industry group: Electric utilities

NICOR
1700 West Ferry Road
Naperville, Ill 60566
312-242-4470
CEO: Clarence J. Gauthier
Ticker symbol: GAS (NYSE)
Industry group: Natural gas utilities

A C Nielsen
Nielsen Plaza
Northbrook, Ill 60062
312-498-6300
CEO: Arthur C. Nielsen Jr
Ticker symbol: NIELA (NASDAQ)
Industry group: Business services

Nike
3900 SW Murray Boulevard
Beaverton, Ore 97005
503-641-6453
CEO: Philip H. Knight
Ticker symbol: NIKE (NASDAQ)
Industry group: Footwear

NL Industries
1230 Avenue of the Americas
New York, NY 10020
212-621-9400
CEO: Theodore C. Rogers
Ticker symbol: NL (NYSE)
Industry group: Oil services

Noble Affiliates
PO Box 1967
Ardmore, Okla 73402
405-226-1900
CEO: Roy Butler
Ticker symbol: NBL (NYSE)
Industry group: Oil services

Norfolk Southern
1 Commercial Plaza
Norfolk, Va 23514
804-629-2600
CEO: Robert B. Claytor
Ticker symbol: NSC (NYSE)
Industry group: Railroads

Norstar Bancorp
1450 Western Avenue
Albany, NY 12203
518-447-4401
CEO: Peter D. Kiernan
Ticker symbol: NOR (NYSE)
Industry group: Banking

North American Philips
100 East 42nd Street
New York, NY 10017
212-697-3600
CEO: Cees Bruynes
Ticker symbol: NPH (NYSE)
Industry group: Electrical equipment

Northeast Savings
147 Charter Oak Avenue
Hartford, Conn 06106
203-727-1600
CEO: Kent Dixon
Ticker symbol: (NYSE)
Industry group: Thrift institutions

Northeast Utilities
PO Box 270
Hartford, Conn 06141
203-665-5000
CEO: William B. Ellis
Ticker symbol: NU (NYSE)
Industry group: Electric utilities

Northern Indiana Public Service
5265 Hohman Avenue
Hammond, Ind 46320
219-853-5200
CEO: Edmund A. Schroer
Ticker symbol: NI (NYSE)
Industry group: Electric utilities

Northern States Power
414 Nicollet Mall
Minneapolis, Minn 55401
612-330-5500
CEO: Donald W. McCarthy
Ticker symbol: NSP (NYSE)
Industry group: Electric utilities

Northern Trust
50 South LaSalle Street
Chicago, Ill 60675
312-630-6000
CEO: Philip W. K. Sweet Jr
Ticker symbol: NTRS (NASDAQ)
Industry group: Banking

Northrop
1800 Century Park East
Los Angeles, Cal 90067
213-553-6262
CEO: Thomas V. Jones
Ticker symbol: NOC (NYSE)
Industry group: Aerospace

Northwest Airlines
Minn-St Paul Intl Airport
St Paul, Minn 55111
612-726-2111
CEO: M. Joseph Lapensky
Ticker symbol: NWA (NYSE)
Industry group: Airlines

Northwest Industries
6300 Sears Tower
Chicago, Ill 60606
312-876-7000
CEO: Ben W. Heineman
Ticker symbol: NWT (NYSE)
Industry group: Multi-industry companies

Northwestern Financial
PO Box 310
Greensboro, NC 27420
919-378-9861
CEO: Ben T. Craig
Ticker symbol: NWFN (NASDAQ)
Industry group: Banking

Norton
1 New Bond Street
Worcester, Mass 01606
617-853-1000
CEO: Donald R. Melville
Ticker symbol: NRT (NYSE)
Industry group: Light machinery

Norwest (formerly Northwest Bancorp)
1200 Peavey Building
Minneapolis, Minn 55479
612-372-8268
CEO: John W. Morrison
Ticker symbol: NOB (NYSE)
Industry group: Banking

NYNEX
335 Madison Avenue
New York, NY 10017
212-370-7400
CEO: Delbert C. Staley
Ticker symbol: NYN (NYSE)
Industry group: Communications

Occidental Petroleum
10889 Wilshire Boulevard
Los Angeles, Cal 90024
213-879-1700
CEO: Armand Hammer
Ticker symbol: OXY (NYSE)
Industry group: Oil production

Ogden
277 Park Avenue
New York, NY 10172
212-754-4000
CEO: Ralph E. Ablon
Ticker symbol: OG (NYSE)
Industry group: Multi-industry companies

Where to find The Forbes 500s

Ohio Casualty
136 North 3rd Street
Hamilton, Ohio 45025
513-867-3000
CEO: John G. Sloneker
Ticker symbol: OCAS (NASDAQ)
Industry group: Insurance

Ohio Edison
76 South Main Street
Akron, Ohio 44308
216-384-5100
CEO: Justin T. Rogers Jr
Ticker symbol: OEC (NYSE)
Industry group: Electric utilities

Oklahoma Gas & Electric
PO Box 321
Oklahoma City, Okla 73101
405-272-3000
CEO: James G. Harlow Jr
Ticker symbol: OGE (NYSE)
Industry group: Electric utilities

Old Kent Financial
1 Vandenberg Center
Grand Rapids, Mich 49503
616-774-5000
CEO: John C. Canepa
Ticker symbol: OKEN (NASDAQ)
Industry group: Banking

Old Stone
150 South Main Street
Providence, RI 02903
401-278-2000
CEO: Theodore W. Barnes
Ticker symbol: OSTN (NASDAQ)
Industry group: Banking

Olin
120 Long Ridge Road
Stamford, Conn 06904
203-356-2000
CEO: John M. Henske
Ticker symbol: OLN (NYSE)
Industry group: Multi-industry companies

Owens-Corning Fiberglas
Fiberglas Tower
Toledo, Ohio 43659
419-248-8000
CEO: William W. Boeschenstein
Ticker symbol: OCF (NYSE)
Industry group: Building materials

Owens-Illinois
1 SeaGate
Toledo, Ohio 43666
419-247-5000
CEO: Robert J. Lanigan
Ticker symbol: OI (NYSE)
Industry group: Paper and packaging

PACCAR
Box 1518
Bellevue, Wash 98009
206-455-7400
CEO: Charles M. Pigott
Ticker symbol: PCAR (NASDAQ)
Industry group: Heavy machinery

Pacific Gas & Electric
77 Beale Street
San Francisco, Cal 94106
415-781-4211
CEO: Frederick W. Mielke Jr
Ticker symbol: PCG (NYSE)
Industry group: Electric utilities

Pacific Lighting
810 South Flower Street
Los Angeles, Cal 90017
213-689-3481
CEO: Paul A. Miller
Ticker symbol: PLT (NYSE)
Industry group: Natural gas utilities

Pacific Power & Light
920 SW 6th Avenue
Portland, Ore 97204
503-243-1122
CEO: Don C. Frisbee
Ticker symbol: PPW (NYSE)
Industry group: Electric utilities

Pacific Resources
PO Box 3379
Honolulu, Haw 96842
808-547-3111
CEO: James F. Gary
Ticker symbol: PRI (NYSE)
Industry group: Oil refining, marketing

Pacific Telesis Group
140 New Montgomery Street
San Francisco, Cal 94105
415-882-8000
CEO: Donald E. Guinn
Ticker symbol: PAC (NYSE)
Industry group: Communications

Paine Webber
140 Broadway
New York, NY 10005
212-437-2121
CEO: Donald B. Marron
Ticker symbol: PWJ (NYSE)
Industry group: Securities

Pan American World Airways
PO Box 7589
New York, NY 10249
212-880-1234
CEO: C. Edward Acker
Ticker symbol: PN (NYSE)
Industry group: Airlines

Panhandle Eastern
PO Box 1642
Houston, Tex 77251
713-664-3401
CEO: Robert D. Hunsucker
Ticker symbol: PEL (NYSE)
Industry group: Natural gas utilities

Parker-Hannifin
17325 Euclid Avenue
Cleveland, Ohio 44112
216-531-3000
CEO: Paul G. Schlemer
Ticker symbol: PH (NYSE)
Industry group: Heavy machinery

Payless Cashways
2301 Main Pershing Square Bldg
Kansas City, Mo 64108
816-471-5500
CEO: David Stanley
Ticker symbol: PCI (NYSE)
Industry group: Distribution

Pay'N Save
1511 6th Avenue
Seattle, Wash 98101
206-621-6600
CEO: M. Lamont Bean
Ticker symbol: PAYN (NASDAQ)
Industry group: Drugs and discount retail

Penn Central
500 West Putnam Avenue
Greenwich, Conn 06836
203-629-5000
CEO: Alfred W. Martinelli
Ticker symbol: PC (NYSE)
Industry group: Oil services

J C Penney
1301 Avenue of the Americas
New York, NY 10019
212-957-4321
CEO: William R. Howell
Ticker symbol: JCP (NYSE)
Industry group: Department stores

Pennsylvania Power & Light
2 North 9th Street
Allentown, Pa 18101
215-770-5151
CEO: Robert K. Campbell
Ticker symbol: PPL (NYSE)
Industry group: Electric utilities

Pennzoil
PO Box 2967
Houston, Tex 77252
713-546-4000
CEO: J. Hugh Liedtke
Ticker symbol: PZL (NYSE)
Industry group: Oil refining, marketing

Peoples Energy
122 South Michigan Avenue
Chicago, Ill 60603
312-431-4000
CEO: Eugene A. Tracy
Ticker symbol: PGL (NYSE)
Industry group: Natural gas utilities

PepsiCo
Anderson Hill Road
Purchase, NY 10577
914-253-2000
CEO: Donald M. Kendall
Ticker symbol: PEP (NYSE)
Industry group: Candy and soft drinks

Perkin-Elmer
Main Avenue
Norwalk, Conn 06856
203-762-1000
CEO: Robert H. Sorensen
Ticker symbol: PKN (NYSE)
Industry group: Precision instruments

Petrolane
1600 East Hill Street, Box 1410
Long Beach, Cal 90801
213-427-5471
CEO: John C. Wallace
Ticker symbol: PTO (NYSE)
Industry group: Oil services

Pfizer
235 East 42nd Street
New York, NY 10017
212-573-2323
CEO: Edmund T. Pratt Jr
Ticker symbol: PFE (NYSE)
Industry group: Drugs

Phibro-Salomon
1221 Avenue of the Americas
New York, NY 10020
212-575-5900
CEO: David Tendler/John H. Gutfreund
Ticker symbol: PSB (NYSE)
Industry group: Oil refining, marketing

Where to find The Forbes 500s

Philadelphia Electric
2301 Market Street, PO Box 8699
Philadelphia, Pa 19101
215-841-4000
CEO: James L. Everett
Ticker symbol: PE (NYSE)
Industry group: Electric utilities

Philip Morris
120 Park Avenue
New York, NY 10017
212-880-5000
CEO: George Weissman
Ticker symbol: MO (NYSE)
Industry group: Tobacco

Phillips Petroleum
Bartlesville, Okla 74004
918-661-6600
CEO: William C. Douce
Ticker symbol: P (NYSE)
Industry group: Oil refining, marketing

Pillsbury
Pillsbury Center
Minneapolis, Minn 55402
612-330-4966
CEO: William H. Spoor
Ticker symbol: PSY (NYSE)
Industry group: Food products

Pioneer
PO Box 511
Amarillo, Tex 79163
806-373-6054
CEO: C. David Culver
Ticker symbol: PNA (NYSE)
Industry group: Natural gas utilities

Pioneer Hi-Bred International
400 Locust Street
Des Moines, Iowa 50309
515-245-3500
CEO: Thomas N. Urban
Ticker symbol: PHYB (NASDAQ)
Industry group: Food products

Pitney Bowes
Walter H. Wheeler Jr Drive
Stamford, Conn 06926
203-356-5000
CEO: George B. Harvey
Ticker symbol: PBI (NYSE)
Industry group: Office equipment

Pittston
1 Pickwick Plaza
Greenwich, Conn 06830
203-622-0900
CEO: Paul W. Douglas
Ticker symbol: PCO (NYSE)
Industry group: Coal, nonferrous metals

PNC Financial
5th Avenue and Wood Street
Pittsburgh, Pa 15265
412-355-2666
CEO: Merle E. Gilliand
Ticker symbol: PNCF (NASDAQ)
Industry group: Banking

Pneumo
4800 Prudential Tower
Boston, Mass 02199
617-262-9300
CEO: Gerard A. Fulham
Ticker symbol: PNC (NYSE)
Industry group: Supermarkets

Polaroid
549 Technology Square
Cambridge, Mass 02139
617-577-2000
CEO: William J. McCune Jr
Ticker symbol: PRD (NYSE)
Industry group: Precision instruments

Portland General Electric
121 SW Salmon Street
Portland, Ore 97204
503-226-8595
CEO: Robert H. Short
Ticker symbol: PGN (NYSE)
Industry group: Electric utilities

Potomac Electric Power
1900 Pennsylvania Avenue NW
Washington, DC 20068
202-872-2000
CEO: W. Reid Thompson
Ticker symbol: POM (NYSE)
Industry group: Electric utilities

PPG Industries
1 PPG Place
Pittsburgh, Pa 15272
412-434-3131
CEO: L. Stanton Williams
Ticker symbol: PPG (NYSE)
Industry group: Building materials

Premier Industrial
4500 Euclid Avenue
Cleveland, Ohio 44103
216-391-8300
CEO: Morton L. Mandel
Ticker symbol: PRE (NYSE)
Industry group: Automotive

Price Co
2657 Ariane Drive
San Diego, Cal 92117
619-483-6600
CEO: Robert E. Price
Ticker symbol: PCLB (NASDAQ)
Industry group: Distribution

Primark
535 Griswold Street
Detroit, Mich 48226
313-961-6161
CEO: Robert W. Stewart
Ticker symbol: PMK (NYSE)
Industry group: Natural gas utilities

Prime Computer
Prime Park
Natick, Mass 01760
617-655-8000
CEO: Joe M. Henson
Ticker symbol: PRM (NYSE)
Industry group: Data processing

Procter & Gamble
301 East 6th Street
Cincinnati, Ohio 45202
513-562-1100
CEO: John G. Smale
Ticker symbol: PG (NYSE)
Industry group: Food products

Provident Life & Accident
Fountain Square
Chattanooga, Tenn 37402
615-755-1011
CEO: H. Carey Hanlin
Ticker symbol: PACC (NASDAQ)
Industry group: Insurance

PSFS
1212 Market Street
Philadelphia, Pa 19107
215-636-6000
CEO: M. Todd Cooke
Ticker symbol: PSFS (NASDAQ)
Industry group: Thrift institutions

Public Service Company Of Colorado
PO Box 840
Denver, Colo 80201
303-571-7511
CEO: Richard F. Walker
Ticker symbol: PSR (NYSE)
Industry group: Electric utilities

Public Service Company Of Indiana
1000 East Main Street
Plainfield, Ind 46168
317-839-9611
CEO: Hugh A. Barker
Ticker symbol: PIN (NYSE)
Industry group: Electric utilities

Public Service Co Of New Hampshire
1000 Elm Street
Manchester, NH 03105
603-669-4000
CEO: Robert J. Harrison
Ticker symbol: PNH (NYSE)
Industry group: Electric utilities

Public Service Company Of New Mexico
Alvarado Square
Albuquerque, NM 87158
505-848-2700
CEO: Jerry D. Geist
Ticker symbol: PNM (NYSE)
Industry group: Electric utilities

Public Service Electric & Gas
PO Box 570
Newark, NJ 07101
201-430-7000
CEO: Harold W. Sonn
Ticker symbol: PEG (NYSE)
Industry group: Electric utilities

Puget Sound Power & Light
Puget Power Bldg
Bellevue, Wash 98009
206-454-6363
CEO: John W. Ellis
Ticker symbol: PSD (NYSE)
Industry group: Electric utilities

Quaker Oats
345 Merchandise Mart Plaza
Chicago, Ill 60654
312-222-7111
CEO: William D. Smithburg
Ticker symbol: OAT (NYSE)
Industry group: Food products

Rainier Bancorporation
PO Box 3966
Seattle, Wash 98124
206-621-4111
CEO: G. Robert Truex Jr
Ticker symbol: RBAN (NASDAQ)
Industry group: Banking

Ralston Purina
Checkerboard Square
St Louis, Mo 63164
314-982-1000
CEO: William P. Stiritz
Ticker symbol: RAL (NYSE)
Industry group: Food products

Where to find The Forbes 500s

Raychem
300 Constitution Drive
Menlo Park, Cal 94025
415-361-3333
CEO: Paul M. Cook
Ticker symbol: RYC (NYSE)
Industry group: Electrical equipment

Raytheon
141 Spring Street
Lexington, Mass 02173
617-862-6600
CEO: Thomas L. Phillips
Ticker symbol: RTN (NYSE)
Industry group: Aerospace

RCA
30 Rockefeller Plaza
New York, NY 10020
212-621-6000
CEO: Thornton F. Bradshaw
Ticker symbol: RCA (NYSE)
Industry group: Multi-industry companies

Republic Airlines
7500 Airline Drive
Minneapolis, Minn 55450
612-726-7100
CEO: Daniel F. May
Ticker symbol: RAI (NYSE)
Industry group: Airlines

Republic New York
452 5th Avenue
New York, NY 10018
212-930-6000
CEO: Walter H. Weiner
Ticker symbol: RNB (NYSE)
Industry group: Banking

Republic Steel
1629 Republic Blg, PO Box 6778
Cleveland, Ohio 44101
216-622-5000
CEO: E. Bradley Jones
Ticker symbol: RS (NYSE)
Industry group: Iron and steel

RepublicBank
PO Box 222105
Dallas, Tex 75222
214-653-5031
CEO: James D. Berry
Ticker symbol: RPT (NYSE)
Industry group: Banking

Revco D S
1925 Enterprise Parkway
Twinsburg, Ohio 44087
216-425-9811
CEO: Sydney Dworkin
Ticker symbol: RDS (NYSE)
Industry group: Drugs and discount retail

Revlon
767 5th Avenue
New York, NY 10153
212-572-5000
CEO: Michel C. Bergerac
Ticker symbol: REV (NYSE)
Industry group: Cosmetics

R J Reynolds Industries
Reynolds Boulevard
Winston-Salem, NC 27102
919-773-2000
CEO: J. Tylee Wilson
Ticker symbol: RJR (NYSE)
Industry group: Tobacco

Reynolds Metals
6601 Broad Street Road
Richmond, Va 23261
804-281-2000
CEO: David P. Reynolds
Ticker symbol: RLM (NYSE)
Industry group: Coal, nonferrous metals

Richardson-Vicks
10 Westport Road
Wilton, Conn 06897
203-834-5000
CEO: John S. Scott
Ticker symbol: RVI (NYSE)
Industry group: Drugs

Riggs National
1503 Pennsylvania Avenue NW
Washington, DC 20005
202-835-6000
CEO: Joe L. Allbritton
Ticker symbol: RIGS (NASDAQ)
Industry group: Banking

RIHT Financial (formerly Hospital Trust)
1 Hospital Trust Plaza
Providence, RI 02903
401-278-8000
CEO: Henry S. Woodbridge Jr
Ticker symbol: RIHT (NASDAQ)
Industry group: Banking

Rite Aid
PO Box 3165
Harrisburg, Pa 17105
717-761-2633
CEO: Alex Grass
Ticker symbol: RAD (NYSE)
Industry group: Drugs and discount retail

Roadway Services
PO Box 471
Akron, Ohio 44309
216-384-1717
CEO: Charles F. Zodrow
Ticker symbol: ROAD (NASDAQ)
Industry group: Trucking and air freight

A H Robins
PO Box 26609
Richmond, Va 23261
804-257-2000
CEO: E. Claiborne Robins Jr
Ticker symbol: RAH (NYSE)
Industry group: Drugs

Rochester Gas & Electric
89 East Avenue
Rochester, NY 14649
716-546-2700
CEO: Paul W. Briggs
Ticker symbol: RGS (NYSE)
Industry group: Electric utilities

Rockwell International
600 Grant Street
Pittsburgh, Pa 15219
412-565-2000
CEO: Robert Anderson
Ticker symbol: ROK (NYSE)
Industry group: Aerospace

Rohm & Haas
Independence Mall West
Philadelphia, Pa 19105
215-592-3000
CEO: Vincent L. Gregory Jr
Ticker symbol: ROH (NYSE)
Industry group: Chemicals

ROLM
4900 Old Ironsides Drive
Santa Clara, Cal 95050
408-986-2025
CEO: M. Kenneth Oshman
Ticker symbol: RM (NYSE)
Industry group: Data processing

Ryder Systems
3600 NW 82nd Avenue
Miami, Fla 33166
305-593-3726
CEO: M. Anthony Burns
Ticker symbol: RDR (NYSE)
Industry group: Trucking and air freight

Safeco
SAFECO Plaza
Seattle, Wash 98185
206-545-5000
CEO: Roland M. Trafton
Ticker symbol: SAFC (NASDAQ)
Industry group: Insurance

Safeway Stores
201 4th Street
Oakland, Cal 94660
415-891-3000
CEO: Peter A. Magowan
Ticker symbol: SA (NYSE)
Industry group: Supermarkets

St Paul Cos
385 Washington Street
St Paul, Minn 55102
612-221-7911
CEO: Carl B. Drake Jr
Ticker symbol: STPL (NASDAQ)
Industry group: Insurance

St Regis Paper
237 Park Avenue
New York, NY 10017
212-808-6000
CEO: William R. Haselton
Ticker symbol: SRT (NYSE)
Industry group: Paper and packaging

San Diego Gas & Electric
PO Box 1831
San Diego, Cal 92101
619-232-4252
CEO: Thomas A. Page
Ticker symbol: SDO (NYSE)
Industry group: Electric utilities

Sanders Associates
Daniel Webster Highway South
Nashua, NH 03061
603-885-4321
CEO: Jack L. Bowers
Ticker symbol: SAA (NYSE)
Industry group: Electronics

Santa Fe Southern Pacific
224 South Michigan Avenue
Chicago, Ill 60604
312-427-4900
CEO: John J. Schmidt
Ticker symbol: SFX (NYSE)
Industry group: Railroads

Schering-Plough
1 Giraida Farms
Madison, Nj 07940
201-822-7000
CEO: Robert P. Luciano
Ticker symbol: SGP (NYSE)
Industry group: Drugs

Where to find The Forbes 500s

SCM
299 Park Avenue
New York, NY 10171
212-752-2700
CEO: Paul H. Elicker
Ticker symbol: SCM (NYSE)
Industry group: Office equipment

SCOA Industries
33 North High Street
Columbus, Ohio 43215
614-221-7262
CEO: Herbert H. Schiff
Ticker symbol: SOA (NYSE)
Industry group: Drugs and discount retail

Scott Paper
Scott Plaza
Philadelphia, Pa 19113
215-522-5000
CEO: Phillip A. Lippincott
Ticker symbol: SPP (NYSE)
Industry group: Paper and packaging

G D Searle
PO Box 1045
Skokie, Ill 60076
312-982-7000
CEO: Donald H. Rumsfeld
Ticker symbol: SRL (NYSE)
Industry group: Drugs

Sears,Roebuck
17 Sears Tower
Chicago, Ill 60684
312-875-2500
CEO: Edward R. Telling
Ticker symbol: S (NYSE)
Industry group: Department stores

Security Pacific
333 South Hope Street
Los Angeles, Cal 90071
213-613-6211
CEO: Richard J. Flamson III
Ticker symbol: SPC (NYSE)
Industry group: Banking

SEDCO
1901 North Akard Street
Dallas, Tex 75201
214-720-8700
CEO: B. Gill Clements
Ticker symbol: SED (NYSE)
Industry group: Oil services

Service Merchandise
PO Box 24600
Nashville, Tenn 37202
615-251-6666
CEO: Raymond Zimmerman
Ticker symbol: SMCH (NASDAQ)
Industry group: Drugs and discount retail

ServiceMaster Industries
2300 Warrenville Road
Downers Grove, Ill 60515
312-964-1300
CEO: C. William Pollard
Ticker symbol: SMAS (NASDAQ)
Industry group: Medical equip,services

Shared Medical Systems
51 Valley Stream Pkwy
Malvern, Pa 19355
215-296-6300
CEO: R. James Macaleer
Ticker symbol: SMED (NASDAQ)
Industry group: Data processing

Shawmut
1 Federal Street
Boston, Mass 02211
617-292-2000
CEO: John P. LaWare
Ticker symbol: SHAS (NASDAQ)
Industry group: Banking

Shell Oil
1 Shell Plaza
Houston, Tex 77001
713-241-6161
CEO: John F. Bookout
Ticker symbol: SUO (NYSE)
Industry group: Oil refining, marketing

Sherwin-Williams
101 Prospect Avenue NW
Cleveland, Ohio 44115
216-566-2000
CEO: John G. Breen
Ticker symbol: SHW (NYSE)
Industry group: Building materials

Signal Cos
11255 North Torrey Pines Road
La Jolla, Cal 92037
619-457-3555
CEO: Forrest N. Shumway
Ticker symbol: SGN (NYSE)
Industry group: Multi-industry companies

Singer
8 Stamford Forum, PO Box 10151
Stamford, Conn 06904
203-356-4200
CEO: Joseph B. Flavin
Ticker symbol: SMF (NYSE)
Industry group: Multi-industry companies

SmithKline Beckman
1 Franklin Plaza, PO Box 7929
Philadelphia, Pa 19101
215-751-4000
CEO: Henry Wendt
Ticker symbol: SKB (NYSE)
Industry group: Drugs

Society
127 Public Square
Cleveland, Ohio 44114
216-622-9000
CEO: Gordon E. Heffern
Ticker symbol: SOCI (NASDAQ)
Industry group: Banking

SONAT
PO Box 2563
Birmingham, Ala 35202
205-325-3800
CEO: Henry C. Goodrich
Ticker symbol: SNT (NYSE)
Industry group: Natural gas utilities

South Carolina Electric & Gas
PO Box 764
Columbia, SC 29218
803-748-3000
CEO: Virgil C. Summer
Ticker symbol: SCG (NYSE)
Industry group: Electric utilities

South Carolina National
1426 Main Street
Columbia, SC 29226
803-765-3000
CEO: James G. Lindley
Ticker symbol: SCNC (NASDAQ)
Industry group: Banking

Southeast Banking
100 South Biscayne Boulevard
Miami, Fla 33131
305-577-4000
CEO: Charles J. Zwick
Ticker symbol: STB (NYSE)
Industry group: Banking

Southern California Edison
PO Box 800
Rosemead, Cal 91770
818-572-1212
CEO: William R. Gould
Ticker symbol: SCE (NYSE)
Industry group: Electric utilities

Southern Company
64 Perimeter Center East
Atlanta, Ga 30346
404-393-0650
CEO: Edward L. Addison
Ticker symbol: SO (NYSE)
Industry group: Electric utilities

Southern New England Telephone
PO Box 1562
New Haven, Conn 06506
203-771-5200
CEO: Alfred W. Van Sinderen
Ticker symbol: SNG (NYSE)
Industry group: Communications

Southland
PO Box 719
Dallas, Tex 75221
214-828-7011
CEO: John P. Thompson
Ticker symbol: SLC (NYSE)
Industry group: Supermarkets

Southland Royalty
200 InterFirst Tower
Fort Worth, Tex 76102
817-390-9200
CEO: Jon Brumley
Ticker symbol: SRO (NYSE)
Industry group: Oil production

Southmark
1601 LBJ Freeway
Dallas, Tex 75234
214-241-8787
CEO: Gene E. Phillips
Ticker symbol: SM (NYSE)
Industry group: Real estate investments

SouthTrust
112 North 20th St, PO Box 2554
Birmingham, Ala 35290
205-254-5680
CEO: Wallace D. Malone Jr
Ticker symbol: SOTR (NASDAQ)
Industry group: Banking

Southwest Airlines
Love Field, PO Box 37611
Dallas, Tex 75235
214-353-6100
CEO: Herbert D. Kelleher
Ticker symbol: LUV (NYSE)
Industry group: Airlines

Southwest Bancshares
700 Milam, PO Box 2629
Houston, Tex 77252
713-751-7800
CEO: John T. Cater
Ticker symbol: SWB (NYSE)
Industry group: Banking

Where to find The Forbes 500s

Southwestern Bell
1 Bell Center
St Louis, Mo 63101
314-247-9800
CEO: Zane E. Barnes
Ticker symbol: SBC (NYSE)
Industry group: Communications

Southwestern Public Service
PO Box 1261
Amarillo, Tex 79170
806-378-2121
CEO: Berl M. Springer
Ticker symbol: SPS (NYSE)
Industry group: Electric utilities

Sovran Financial
1 Commercial Place
Norfolk, Va 23510
804-441-4000
CEO: Clifford A. Cutchins III
Ticker symbol: SOVN (NASDAQ)
Industry group: Banking

Sperry
1290 Avenue of the Americas
New York, NY 10104
212-484-4444
CEO: Gerald G. Probst
Ticker symbol: SY (NYSE)
Industry group: Data processing

Square D
Executive Plaza
Palatine, Ill 60067
312-397-2600
CEO: Dalton L. Knauss
Ticker symbol: SQD (NYSE)
Industry group: Electrical equipment

Squibb
PO Box 4000
Princeton, NJ 08540
609-921-4000
CEO: Richard M. Furlaud
Ticker symbol: SQB (NYSE)
Industry group: Drugs

A E Staley Manufacturing
PO Box 151
Decatur, Ill 62525
217-423-4411
CEO: Donald E. Nordlund
Ticker symbol: STA (NYSE)
Industry group: Food products

Standard Oil Calif
225 Bush Street
San Francisco, Cal 94104
415-894-7700
CEO: George M. Keller
Ticker symbol: SD (NYSE)
Industry group: Oil refining, marketing

Standard Oil Indiana
200 East Randolph Drive
Chicago, Ill 60601
312-856-6111
CEO: Richard M. Morrow
Ticker symbol: SN (NYSE)
Industry group: Oil refining, marketing

Standard Oil Ohio
Midland Building
Cleveland, Ohio 44115
216-575-4141
CEO: Alton W. Whitehouse Jr
Ticker symbol: SOH (NYSE)
Industry group: Oil refining, marketing

Stanley Works
195 Lake Street
New Britain, Conn 06050
203-225-5111
CEO: Donald W. Davis
Ticker symbol: SWK (NYSE)
Industry group: Light machinery

State Street Boston
PO Box 351
Boston, Mass 02101
617-786-3000
CEO: William S. Edgerly
Ticker symbol: STBK (NASDAQ)
Industry group: Banking

Stauffer Chemical
Westport, Conn 06880
203-222-3000
CEO: H. Barclay Morley
Ticker symbol: STF (NYSE)
Industry group: Chemicals

Sterling Drug
90 Park Avenue
New York, NY 10016
212-907-2000
CEO: John M. Pietruski
Ticker symbol: STY (NYSE)
Industry group: Drugs

J P Stevens
1185 Avenue of the Americas
New York, NY 10036
212-930-2000
CEO: Whitney Stevens
Ticker symbol: STN (NYSE)
Industry group: Textiles

Stop & Shop Cos
PO Box 369
Boston, Mass 02101
617-770-8000
CEO: Avram J. Goldberg
Ticker symbol: SHP (NYSE)
Industry group: Supermarkets

Student Loan Marketing Association
1050 Thomas Jefferson St NW
Washington, DC 20007
202-333-8000
CEO: Edward A. Fox
Ticker symbol: SLMA (NASDAQ)
Industry group: Personal services

Suburban Bancorp
6610 Rockledge Drive
Bethesda, Md 20817
301-270-5000
CEO: Robert F. Tardio
Ticker symbol: SUBC (NASDAQ)
Industry group: Banking

Sumitomo Bank of California
365 California Street
San Francisco, Cal 94104
415-445-8000
CEO: Teruhisa Shimizu
Ticker symbol: SUMI (NASDAQ)
Industry group: Banking

Sun Banks
PO Box 2848
Orlando, Fla 32802
305-237-4585
CEO: Joel R. Wells Jr
Ticker symbol: SU (NYSE)
Industry group: Banking

Sun Company
100 Matsonford Road
Radnor, Pa 19087
215-293-6000
CEO: Theodore A. Burtis
Ticker symbol: SUN (NYSE)
Industry group: Oil refining, marketing

Sundstrand
PO Box 7003
Rockford, Ill 61101
815-226-6000
CEO: Evans W. Erikson
Ticker symbol: SNS (NYSE)
Industry group: Aerospace

Super Food Services
Kettering, Box 2323
Dayton, Ohio 45429
513-294-1731
CEO: Jack Twyman
Ticker symbol: SFS (Amex)
Industry group: Distribution

Super Valu Stores
1184 Valley View Road
Eden Prairie, Minn 55344
612-828-4079
CEO: Michael W. Wright
Ticker symbol: SVU (NYSE)
Industry group: Distribution

Superior Oil
1021 Main Street
Houston, Tex 77002
713-751-4111
CEO: Frederic C. Ackman
Ticker symbol: SOC (NYSE)
Industry group: Oil production

Supermarkets General
301 Blair Road
Woodbridge, NJ 07095
201-499-3000
CEO: Leonard Lieberman
Ticker symbol: SGL (NYSE)
Industry group: Supermarkets

Swift Independent
115 West Jackson Boulevard
Chicago, Ill 60604
312-431-3500
CEO: John A. Copeland
Ticker symbol: SFT (Amex)
Industry group: Meat and dairy products

Sysco
1177 West Loop South
Houston, Tex 77027
713-877-1122
CEO: John F. Woodhouse
Ticker symbol: SYY (NYSE)
Industry group: Distribution

Tandem Computers
19333 Vallco Parkway
Cupertino, Cal 95014
408-725-6000
CEO: James G. Treybig
Ticker symbol: TNDM (NASDAQ)
Industry group: Data processing

Tandon
20320 Prairie Street
Chatsworth, Cal 91311
818-993-6644
CEO: Sirjang Lal Tandon
Ticker symbol: TCOR (NASDAQ)
Industry group: Data processing

Where to find The Forbes 500s

Tandy
PO Box 17180
Fort Worth, Tex 76102
817-390-3700

CEO: John V. Roach
Ticker symbol: TAN (NYSE)
Industry group: Distribution

TECO Energy
Box 111
Tampa, Fla 33601
813-228-4111

CEO: Hugh L. Culbreath
Ticker symbol: TE (NYSE)
Industry group: Electric utilities

Tecumseh Products
E Paterson and S Ottawa Streets
Tecumseh, Mich 49286
517-423-8411

CEO: Kenneth G. Herrick
Ticker symbol: TECU (NASDAQ)
Industry group: Building materials

Tektronix
Box 500
Beaverton, Ore 97077
503-627-7111

CEO: Earl Wantland
Ticker symbol: TEK (NYSE)
Industry group: Electronics

Tele-Communications
5455 South Valentia Way
Englewood, Colo 80111
303-694-3405

CEO: John C. Malone
Ticker symbol: TCOMA (NASDAQ)
Industry group: Broadcasting

Teledyne
1901 Avenue of the Stars
Los Angeles, Cal 90067
213-277-3311

CEO: Henry E. Singleton
Ticker symbol: TDY (NYSE)
Industry group: Multi-industry companies

Telerate
1 World Trade Center
New York, NY 10048
212-938-5200

CEO: Neil S. Hirsch
Ticker symbol: TLR (NYSE)
Industry group: Data processing

Temple-Inland
Draw N
Diboll, Tex 75941
409-829-5511

CEO: Clifford J. Grum
Ticker symbol: TIN (NYSE)
Industry group: Paper and packaging

Tenneco
PO Box 2511
Houston, Tex 77001
713-757-2131

CEO: James L. Ketelsen
Ticker symbol: TGT (NYSE)
Industry group: Multi-industry companies

Teradyne
183 Essex Street
Boston, Mass 02111
617-482-2700

CEO: Alex V. D'Arbeloff
Ticker symbol: TER (NYSE)
Industry group: Precision instruments

Tesoro Petroleum
8700 Tesoro Drive
San Antonio, Tex 78286
512-828-8484

CEO: Robert V. West Jr
Ticker symbol: TSO (NYSE)
Industry group: Oil production

Texaco
2000 Westchester Avenue
White Plains, NY 10650
914-253-4000

CEO: John K. McKinley
Ticker symbol: TX (NYSE)
Industry group: Oil refining, marketing

Texas Air
333 Clay Street, Suite 4040
Houston, Tex 77002
713-658-9588

CEO: Francisco A. Lorenzo
Ticker symbol: TEX (Amex)
Industry group: Airlines

Texas American Bancshares
PO Box 2050
Fort Worth, Tex 76113
817-338-8671

CEO: Lewis H. Bond
Ticker symbol: TXA (NYSE)
Industry group: Banking

Texas Commerce Bancshares
600 Travis Street, Box 2558
Houston, Tex 77252
713-236-4865

CEO: Ben F. Love
Ticker symbol: TCB (NYSE)
Industry group: Banking

Texas Eastern
PO Box 2521
Houston, Tex 77252
713-759-3131

CEO: I. David Bufkin
Ticker symbol: TET (NYSE)
Industry group: Natural gas utilities

Texas Instruments
PO Box 225474
Dallas, Tex 75265
214-995-3333

CEO: Mark Shepherd Jr
Ticker symbol: TXN (NYSE)
Industry group: Electronics

Texas Oil & Gas
1700 Pacific Avenue
Dallas, Tex 75201
214-954-2000

CEO: Forrest E. Hoglund
Ticker symbol: TXO (NYSE)
Industry group: Oil production

Texas Utilities
2001 Bryan Tower
Dallas, Tex 75201
214-653-4600

CEO: Perry G. Brittain
Ticker symbol: TXU (NYSE)
Industry group: Electric utilities

Textron
40 Westminster Street
Providence, RI 02903
401-421-2800

CEO: Robert P. Straetz
Ticker symbol: TXT (NYSE)
Industry group: Multi-industry companies

Third National
Third National Bank Building
Nashville, Tenn 37244
615-748-3891

CEO: Charles J. Kane
Ticker symbol: TDAT (NASDAQ)
Industry group: Banking

Thrifty Corp
PO Box 92333
Los Angeles, Cal 90009
213-293-5111

CEO: Leonard H. Straus
Ticker symbol: TFD (NYSE)
Industry group: Drugs and discount retail

TIE/Communications
5 Research Drive
Shelton, Conn 06484
203-926-2000

CEO: Thomas L. Kelly Jr
Ticker symbol: TIE (Amex)
Industry group: Communications

Tiger International
1888 Century Park East
Los Angeles, Cal 90067
213-552-6300

CEO: Wayne M. Hoffman
Ticker symbol: TGR (NYSE)
Industry group: Trucking and air freight

Time Inc
Time & Life Building
New York, NY 10020
212-586-1212

CEO: J. Richard Munro
Ticker symbol: TL (NYSE)
Industry group: Publishing

Times Mirror
Times Mirror Square
Los Angeles, Cal 90053
213-972-3700

CEO: Robert F. Erburu
Ticker symbol: TMC (NYSE)
Industry group: Publishing

Timken
1835 Dueber Avenue SW
Canton, Ohio 44706
216-453-4511

CEO: William R. Timken Jr
Ticker symbol: TKR (NYSE)
Industry group: Light machinery

Toledo Edison
300 Madison Avenue
Toledo, Ohio 43652
419-259-5000

CEO: John P. Williamson
Ticker symbol: TED (NYSE)
Industry group: Electric utilities

Toledo Trustcorp
3 SeaGate
Toledo, Ohio 43603
419-259-8598

CEO: George W. Haigh
Ticker symbol: TTCO (NASDAQ)
Industry group: Banking

Torchmark
2001 3rd Avenue South
Birmingham, Ala 35233
205-325-4200

CEO: Frank P. Samford Jr
Ticker symbol: TMK (NYSE)
Industry group: Insurance

Where to find The Forbes 500s

Tosco
2401 Colorado Avenue
Santa Monica, Cal 90506
213-207-7000
CEO: Matthew J. Talbot
Ticker symbol: TOS (NYSE)
Industry group: Oil production

Toys 'R' Us
395 West Passaic Street
Rochelle Park, NJ 07662
201-845-5033
CEO: Charles Lazarus
Ticker symbol: TOY (NYSE)
Industry group: Distribution

Trans World
605 3rd Avenue
New York, NY 10158
212-557-5500
CEO: L. Edwin Smart
Ticker symbol: TW (NYSE)
Industry group: Airlines

Trans World Airlines
605 3rd Avenue
New York, NY 10158
212-557-3000
CEO: C. Edward Meyer Jr
Ticker symbol: TWA (NYSE)
Industry group: Airlines

Transamerica
600 Montgomery Street
San Francisco, Cal 94120
415-983-4000
CEO: James R. Harvey
Ticker symbol: TA (NYSE)
Industry group: Multi-industry companies

Transco Energy
PO Box 1396
Houston, Tex 77251
713-439-2000
CEO: William J. Bowen
Ticker symbol: E (NYSE)
Industry group: Natural gas utilities

TRANSOHIO Financial
1 Penton Plaza
Cleveland, Ohio 44114
216-579-7700
CEO: Warner B. Bishop
Ticker symbol: TFC (NYSE)
Industry group: Thrift institutions

Travelers
1 Tower Square
Hartford, Conn 06115
203-277-0111
CEO: Edward H. Budd
Ticker symbol: TIC (NYSE)
Industry group: Insurance

Tribune
435 North Michigan Avenue
Chicago, Ill 60611
312-222-9100
CEO: Stanton R. Cook
Ticker symbol: TRB (NYSE)
Industry group: Publishing

Trust Company of Georgia
PO Box 4418
Atlanta, Ga 30302
404-588-7711
CEO: Robert Strickland
Ticker symbol: TRGA (NASDAQ)
Industry group: Banking

TRW
23555 Euclid Avenue
Cleveland, Ohio 44117
216-383-2121
CEO: Ruben F. Mettler
Ticker symbol: TRW (NYSE)
Industry group: Data processing

Tucson Electric Power
Box 711
Tucson, Az 85702
602-622-6661
CEO: Theodore M. Welp
Ticker symbol: TEP (NYSE)
Industry group: Electric utilities

Turner Construction
633 3rd Avenue
New York, NY 10017
212-878-0300
CEO: Walter B. Shaw
Ticker symbol: TUR (Amex)
Industry group: Heavy construction

UAL
1200 Algonquin Road
Elk Grove Township, Ill 60007
312-952-4000
CEO: Richard J. Ferris
Ticker symbol: UAL (NYSE)
Industry group: Airlines

Union Camp
1600 Valley Road
Wayne, NJ 07470
201-628-2000
CEO: Peter J. McLaughlin
Ticker symbol: UCC (NYSE)
Industry group: Paper and packaging

Union Carbide
Old Ridgebury Road
Danbury, Conn 06817
203-794-2000
CEO: Warren M. Anderson
Ticker symbol: UK (NYSE)
Industry group: Chemicals

Union Electric
PO Box 149
St Louis, Mo 63166
314-621-3222
CEO: Charles J. Dougherty
Ticker symbol: UEP (NYSE)
Industry group: Electric utilities

Union National
670 Washington Road
Mount Lebanon, Pa 15228
412-644-8111
CEO: George F. Kesel
Ticker symbol: UNBC (NASDAQ)
Industry group: Banking

Union Pacific
345 Park Avenue
New York, NY 10154
212-418-7800
CEO: William S. Cook
Ticker symbol: UNP (NYSE)
Industry group: Railroads

Uniroyal
World Headquarters
Middlebury, Conn 06749
203-573-2000
CEO: Joseph P. Flannery
Ticker symbol: R (NYSE)
Industry group: Rubber and plastics

United Banks of Colorado
1 United Bank Center
Denver, Colo 80274
303-861-4700
CEO: N. Berne Hart
Ticker symbol: UBKS (NASDAQ)
Industry group: Banking

United Brands
1271 Avenue of the Americas
New York, NY 10020
212-307-2000
CEO: Seymour Milstein
Ticker symbol: UB (NYSE)
Industry group: Food processing

United Energy Resources
PO Box 1478
Houston, Tex 77001
713-229-4123
CEO: J. Hugh Roff Jr
Ticker symbol: UER (NYSE)
Industry group: Natural gas utilities

United Financial Group
10333 Harwin
Houston, Tex 77036
713-981-2300
CEO: C. E. Bentley
Ticker symbol: UFGI (NASDAQ)
Industry group: Thrift institutions

United Illuminating
80 Temple Street
New Haven, Conn 06506
203-787-7200
CEO: John D. Fassett
Ticker symbol: UIL (NYSE)
Industry group: Electric utilities

United Jersey Banks
Box 2066
Princeton, NJ 08540
609-924-8000
CEO: T. Joseph Semrod
Ticker symbol: UJB (NYSE)
Industry group: Banking

United Missouri Bancshares
PO Box 1771
Kansas City, Mo 64141
816-283-1100
CEO: R. Crosby Kemper Jr
Ticker symbol: UMSB (NASDAQ)
Industry group: Banking

U S Bancorp
PO Box 8837
Portland, Ore 97208
503-225-6111
CEO: John A. Elorriaga
Ticker symbol: USBC (NASDAQ)
Industry group: Banking

United States Gypsum
101 South Wacker Drive
Chicago, Ill 60606
312-321-4000
CEO: Edward W. Duffy
Ticker symbol: USG (NYSE)
Industry group: Building materials

United States Shoe
1 Eastwood Drive
Cincinnati, Ohio 45227
513-527-7000
CEO: Philip G. Barach
Ticker symbol: USR (NYSE)
Industry group: Footwear

Where to find The Forbes 500s

United States Steel
600 Grant Street
Pittsburgh, Pa 15230
412-433-1121
CEO: David M. Roderick
Ticker symbol: X (NYSE)
Industry group: Iron and steel

U S Tobacco
100 West Putnam Avenue
Greenwich, Conn 06830
203-661-1100
CEO: Louis F. Bantle
Ticker symbol: UBO (NYSE)
Industry group: Tobacco

U S Trust
45 Wall Street
New York, NY 10005
212-806-4500
CEO: Daniel P. Davison
Ticker symbol: USTC (NASDAQ)
Industry group: Banking

U S WEST
7800 East Orchard Road
Englewood, Colo 80111
303-793-6500
CEO: Jack A. MacAllister
Ticker symbol: USW (NYSE)
Industry group: Communications

United Technologies
United Technologies Building
Hartford, Conn 06101
203-728-7000
CEO: Harry J. Gray
Ticker symbol: UTX (NYSE)
Industry group: Aerospace

United Telecommunications
PO Box 11315
Kansas City, Mo 64112
913-676-3000
CEO: Paul H. Henson
Ticker symbol: UT (NYSE)
Industry group: Communications

United Virginia Bankshares
Box 26665
Richmond, Va 23261
804-782-5000
CEO: Joseph A. Jennings
Ticker symbol: UVBK (NASDAQ)
Industry group: Banking

Unocal (formerly Union Oil of California)
461 South Boylston Street
Los Angeles, Cal 90017
213-977-7600
CEO: Fred L. Hartley
Ticker symbol: UCL (NYSE)
Industry group: Oil refining, marketing

Upjohn
7000 Portage Road
Kalamazoo, Mich 49001
616-323-4000
CEO: Ray T. Parfet Jr
Ticker symbol: UPJ (NYSE)
Industry group: Drugs

USAir Group
1911 Jefferson Davis Highway
Arlington, Va 22202
703-892-7000
CEO: Edwin I. Colodny
Ticker symbol: U (NYSE)
Industry group: Airlines

USF&G
100 Light Street
Baltimore, Md 21202
301-547-3000
CEO: Jack Moseley
Ticker symbol: FG (NYSE)
Industry group: Insurance

USLIFE
125 Maiden Lane
New York, NY 10038
212-709-6000
CEO: Gordon E. Crosby Jr
Ticker symbol: USH (NYSE)
Industry group: Insurance

Utah Power & Light
PO Box 899
Salt Lake City, Utah 84110
801-535-2000
CEO: Harry Blundell
Ticker symbol: UTP (NYSE)
Industry group: Electric utilities

Valero Energy
PO Box 500
San Antonio, Tex 78292
512-246-2000
CEO: William E. Greehey
Ticker symbol: VLO (NYSE)
Industry group: Natural gas utilities

Valley Federal Savings & Loan Assoc
6842 Van Nuys Boulevard
Van Nuys, Cal 91405
818-904-3000
CEO: Robert E. Gibson
Ticker symbol: VFED (NASDAQ)
Industry group: Thrift institutions

Valley National
PO Box 71
Phoenix, Ariz 85001
602-261-2099
CEO: Howard C. McCrady
Ticker symbol: VNCP (NASDAQ)
Industry group: Banking

Varian Associates
611 Hansen Way
Palo Alto, Cal 94303
415-493-4000
CEO: Thomas D. Sege
Ticker symbol: VAR (NYSE)
Industry group: Electronics

VF
1047 North Park Road
Wyomissing, Pa 19610
215-378-1151
CEO: Lawrence R. Pugh
Ticker symbol: VFC (NYSE)
Industry group: Textiles

Vulcan Materials
1 Metroplex Drive
Birmingham, Ala 35209
205-877-3000
CEO: W. Houston Blount
Ticker symbol: VMC (NYSE)
Industry group: Building materials

Wachovia
301 North Main Street
Winston-Salem, NC 27101
919-748-5000
CEO: John G. Medlin Jr
Ticker symbol: WB (NYSE)
Industry group: Banking

Wal-Mart Stores
702 SW 8th Street, PO Box 116
Bentonville, Ark 72712
501-273-4000
CEO: Sam M. Walton
Ticker symbol: WMT (NYSE)
Industry group: Drugs and discount retail

Waldbaum
Hemlock St and Boulevard Avenue
Central Islip, NY 11722
516-582-9300
CEO: Ira Waldbaum
Ticker symbol: WALD (NASDAQ)
Industry group: Supermarkets

Walgreen
200 Wilmot Road
Deerfield, Ill 60015
312-948-5000
CEO: Charles R. Walgreen III
Ticker symbol: WAG (NYSE)
Industry group: Drugs and discount retail

Wang Laboratories
1 Industrial Avenue
Lowell, Mass 01851
617-459-5000
CEO: An Wang
Ticker symbol: WANB (Amex)
Industry group: Data processing

Warner Communications
75 Rockefeller Plaza
New York, NY 10019
212-484-8000
CEO: Steven J. Ross
Ticker symbol: WCI (NYSE)
Industry group: Movies and sports

Warner-Lambert
201 Tabor Road
Morris Plains, NJ 07950
201-540-2000
CEO: Ward S. Hagan
Ticker symbol: WLA (NYSE)
Industry group: Drugs

Washington Mutual Saving Bank
1101 2nd Avenue
Seattle, Wash 98101
206-464-4400
CEO: Lewis H. Pepper
Ticker symbol: WAMU (NASDAQ)
Industry group: Thrift institutions

Washington National
1630 Chicago Avenue
Evanston, Ill 60201
312-866-3000
CEO: Stanley P. Hutchison
Ticker symbol: WNT (NYSE)
Industry group: Insurance

Washington Post
1150 15th Street NW
Washington, DC 20071
202-334-6000
CEO: Richard D. Simmons
Ticker symbol: WPOB (Amex)
Industry group: Publishing

Washington Water Power
East 1411 Mission
Spokane, Wash 99220
509-489-0500
CEO: Wendell J. Satre
Ticker symbol: WWP (NYSE)
Industry group: Electric utilities

Where to find The Forbes 500s

Waste Management
3003 Butterfield Road
Oak Brook, Ill 60521
312-654-8800

CEO: Dean L. Buntrock
Ticker symbol: WMX (NYSE)
Industry group: Business services

Weis Markets
1000 South 2nd Street
Sunbury, Pa 17801
717-286-4571

CEO: Sigfried Weis
Ticker symbol: WMK (NYSE)
Industry group: Supermarkets

Wells Fargo
420 Montgomery Street
San Francisco, Cal 94163
415-396-0123

CEO: Carl E. Reichardt Jr
Ticker symbol: WFC (NYSE)
Industry group: Banking

Wendy's International
PO Box 256
Dublin, Ohio 43017
614-764-3100

CEO: Robert L. Barney
Ticker symbol: WEN (NYSE)
Industry group: Lodging and restaurants

West Point-Pepperell
PO Box 71
West Point, Ga 31833
205-756-7111

CEO: Joseph L. Lanier Jr
Ticker symbol: WPM (NYSE)
Industry group: Textiles

Western Savings & Loan Association
3443 North Central Avenue
Phoenix, Ariz 85012
602-248-1616

CEO: Gary H. Driggs
Ticker symbol: WFN (Amex)
Industry group: Thrift institutions

Western Union
1 Lake Street
Upper Saddle River, NJ 07458
201-825-5000

CEO: Robert M. Flanagan
Ticker symbol: WU (NYSE)
Industry group: Communications

Westinghouse Electric
Westinghouse Bldg, Gateway Ctr
Pittsburgh, Pa 15222
412-244-2000

CEO: Douglas D. Danforth
Ticker symbol: WX (NYSE)
Industry group: Electrical equipment

Westvaco
299 Park Avenue
New York, NY 10171
212-688-5000

CEO: David L. Luke III
Ticker symbol: W (NYSE)
Industry group: Paper and packaging

Wetterau
8920 Pershall Road
Hazelwood, Mo 63042
314-524-5000

CEO: Ted C. Wetterau
Ticker symbol: WETT (NASDAQ)
Industry group: Distribution

Weyerhaeuser
Weyerhaeuser Building
Tacoma, Wash 98477
206-924-2345

CEO: George H. Weyerhaeuser
Ticker symbol: WY (NYSE)
Industry group: Building materials

Whirlpool
Administrative Center
Benton Harbor, Mich 49022
616-926-5000

CEO: Jack D. Sparks
Ticker symbol: WHR (NYSE)
Industry group: Appliances-furnishings

White Consolidated Industries
11770 Berea Road
Cleveland, Ohio 44111
216-252-3700

CEO: Roy H. Holdt
Ticker symbol: WSW (NYSE)
Industry group: Heavy machinery

Whitney Holding
228 St Charles Avenue
New Orleans, La 70130
504-586-7272

CEO: Patrick A. Delaney
Ticker symbol: WHL (NASDAQ)
Industry group: Banking

Whittaker
10880 Wilshire Boulevard
Los Angeles, Cal 90024
213-475-9411

CEO: Joseph F. Alibrandi
Ticker symbol: WKR (NYSE)
Industry group: Multi-industry companies

Wickes Cos
3340 Ocean Park Boulevard
Santa Monica, Cal 90405
213-452-0161

CEO: Sanford C. Sigoloff
Ticker symbol: QWIX (Pacific)
Industry group: Speciality retail

Williams Cos
1 Williams Center
Tulsa, Okla 74172
918-588-2000

CEO: Joseph H. Williams
Ticker symbol: WMB (NYSE)
Industry group: Chemicals

Wilson Foods
4545 Lincoln Boulevard
Oklahoma City, Okla 73105
405-525-4545

CEO: Kenneth J. Griggy
Ticker symbol: WILFQ (NASDAQ)
Industry group: Meat and dairy products

Winn-Dixie Stores
5050 Edgewood Court, Box B
Jacksonville, Fla 32203
904-783-5000

CEO: Robert D. Davis
Ticker symbol: WIN (NYSE)
Industry group: Supermarkets

Wisconsin Electric Power
PO Box 2046
Milwaukee, Wisc 53201
414-277-2345

CEO: Charles S. McNeer
Ticker symbol: WPC (NYSE)
Industry group: Electric utilities

Wisconsin Power & Light
PO Box 192
Madison, Wisc 53701
608-252-3285

CEO: James R. Underkofler
Ticker symbol: WPL (NYSE)
Industry group: Electric utilities

Witco Chemical
520 Madison Avenue
New York, NY 10022
212-605-3820

CEO: William Wishnick
Ticker symbol: WIT (NYSE)
Industry group: Chemicals

Wometco Enterprises
306 North Miami Avenue
Miami, Fla 33128
305-579-1200

CEO: Mitchell Wolfson
Ticker symbol: WOM (NYSE)
Industry group: Broadcasting

F W Woolworth
233 Broadway
New York, NY 10279
212-553-2000

CEO: John W. Lynn
Ticker symbol: Z (NYSE)
Industry group: Drugs and discount retail

Xerox
PO Box 1600
Stamford, Conn 06904
203-329-8700

CEO: David T. Kearns
Ticker symbol: XRX (NYSE)
Industry group: Office equipment

Zayre
770 Cochituate Road
Framingham, Mass 01701
617-620-5000

CEO: Maurice Segall
Ticker symbol: ZY (NYSE)
Industry group: Drugs and discount retail

Zenith Radio
1000 Milwaukee Avenue
Glenview, Ill 60025
312-391-7000

CEO: Jerry K. Pearlman
Ticker symbol: ZE (NYSE)
Industry group: Electronics

Zions Utah Bancorporation
1190 Kennecott Building
Salt Lake City, Utah 84133
801-524-4787

CEO: Roy W. Simmons
Ticker symbol: ZION (NASDAQ)
Industry group: Banking

The world uses more aluminum than it produces. Maybe it's time to take a long position using the Comex' new contract.

THAT NEW KID ON THE BLOCK

By Stanley W. Angrist

In the fall of last year the Comex (Commodity Exchange Inc.) started to trade a new metals contract: aluminum. While it has not enjoyed the huge trading volume that is now typical of the stock indexes, it has achieved a respectable volume, with open interest of about 3,000 contracts. In the past ten years aluminum has taken an increasing share of markets that once belonged to copper, tin and zinc. Aluminum is traded and produced worldwide, but heretofore neither producers nor consumers had a convenient method to lay off their price risks. The Comex has now solved that problem with its new contract.

Aluminum is the most widely used nonferrous metal today, with annual consumption close to 15 million metric tons. The principal ore from which aluminum is made is bauxite—one of the most abundant materials found in the earth's crust. Guinea is estimated to have reserves of 5.9 billion metric tons, while Australia is estimated to have a reserve base of 4.6 billion metric tons. Closer to home, Jamaica has estimated reserves of 2 billion metric tons. In 1982 two-thirds of the world's bauxite was produced in those three countries.

Aluminum is closely tied to industrial production. Demand for aluminum revolves around its excellent properties of low density, corrosion resistance, electrical conductivity and its ability to alloy readily with other metals. Because of the large amount of energy required to produce aluminum—it takes 99 million Btu to produce a metric ton—aluminum producers are willing to pay handsomely to get people to recycle their aluminum beverage cans.

The supply/demand balance shown in the table illustrates the recent dramatic turn in the fortunes of the aluminum industry. In 1980 and 1981 production exceeded consumption by a total of more than 1.88 million metric tons, with the expected effects on prices and stocks. In 1982 the world's producers managed to cut back production to a little below demand. In 1984 the U.S.' strong recovery has led to significant increases in demand, and although aluminum production has been increasing to meet it, it is still lagging. The result has been a sharp drawdown in stocks, which could lead to another deficit in production of 350,000 metric tons in 1984. Such a deficit could deplete primary stocks to a level below 1.5 million metric tons and producer stocks to less than 3.2 million metric tons. This is below the previous trough in stock levels of 3.3 million metric tons, reached in April 1980.

The Comex' new contract is for 40,000 pounds and trades with a minimum price fluctuation of 0.05 cents per pound ($20 per contract). The daily limit is 5 cents per pound ($2,000 per contract). The exchange minimum margin on an outright position is $1,000, with a round-turn commission of about $100.

Aluminum in late February went through some heavy selling that dropped all contracts 6 cents per pound. The metal seems to have now formed a base above those levels. Given a continuing strong economy, I would risk a long position in the July contract if I could do it at a price below 70 cents. Any close below the contract low price of 67.80 cents should be taken as a sign to bail out. The contract could easily move above 78 cents, for a minimum profit of $3,200. The aluminum market is still relatively thin, so limit orders must be used. ■

Out of balance?

The dramatic switch from surplus to shortage in aluminum is what futures traders look for. The rapid drawdown in world stocks of aluminum could lead to a strengthening in prices. Total stocks include scrap metal, but do not include consumers' stocks.

Production	1980	1981	1982	1983	1984(E)
	(In thousands of metric tons)				
Western World output	12,767	12,469	10,740	11,100	12,000
Communist bloc (E)	3,268	3,232	3,230	3,250	3,250
Total output	16,035	15,701	13,970	14,350	15,250
Consumption					
Western World	12,007	11,238	10,842	11,650	12,200
Communist bloc (E)	3,309	3,299	3 300	3,300	3,400
Total consumption	15,316	14,537	14,142	14,950	15,600
Surplus or (deficit)	719	1,164	(172)	(600)	(350)
Year-end stocks					
Producers' primary	2,078	3,115	2,936	2,014	1,500
Producers' total	3,962	5,062	4,767	3,669	3,200

E: Estimated. *Source: Metal Research Division (London); Shearson/American Express*

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

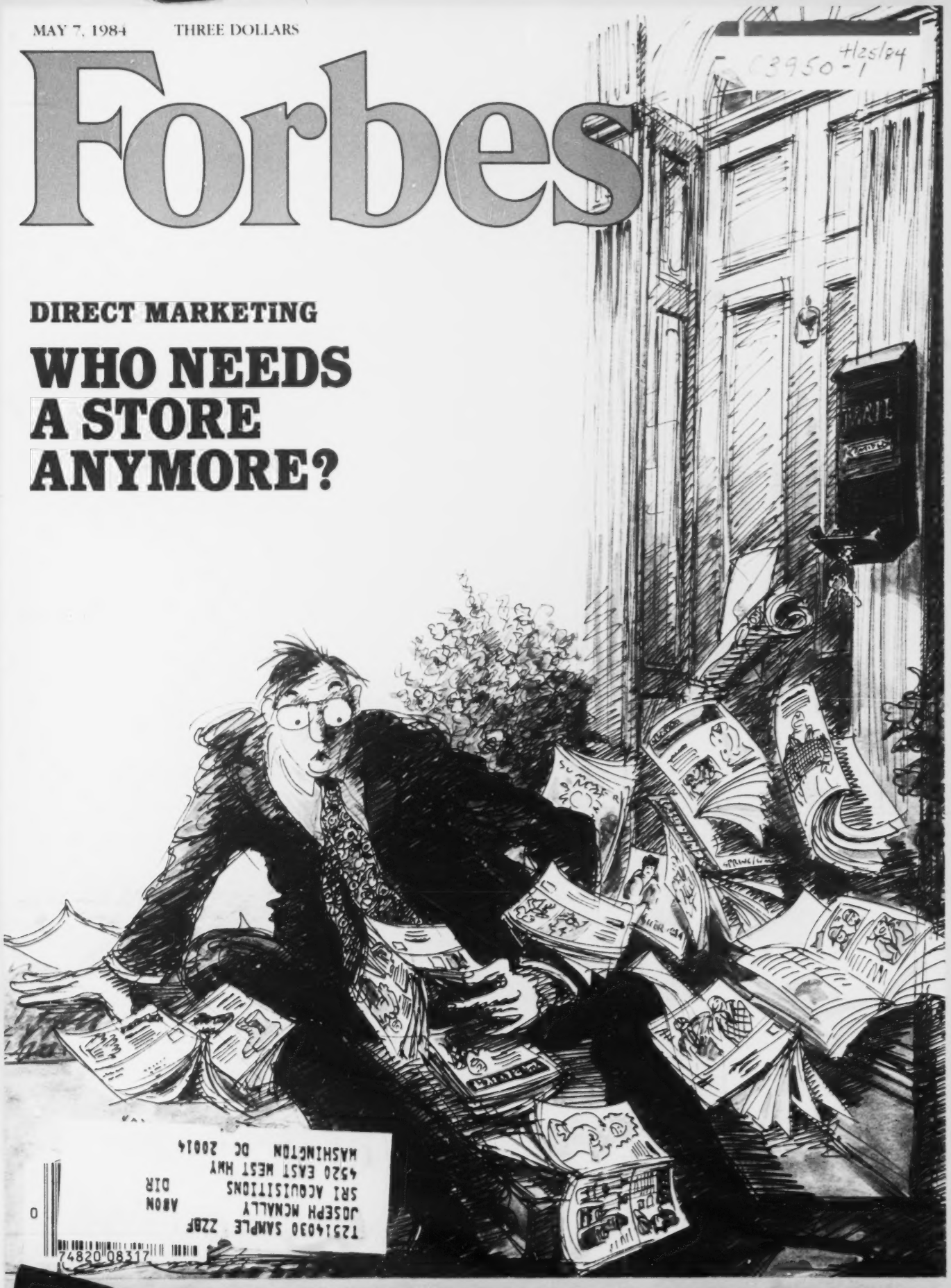
MAY 7, 1984 THREE DOLLARS

Forbes

C3950-1 4/25/84

DIRECT MARKETING

WHO NEEDS A STORE ANYMORE?



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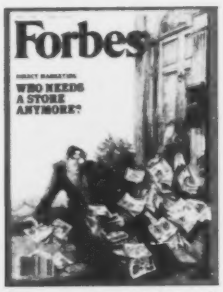
JOSEPH MCNALLY ABON
SRI ACQUISITIONS DIR
4520 EAST WEST HWY
WASHINGTON DC 20014
74820 08317

Forbes

May 7, 1984
Volume 133,
Number 11



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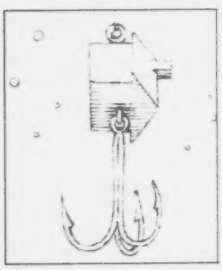

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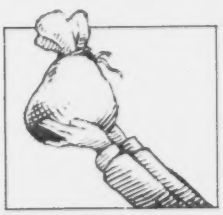

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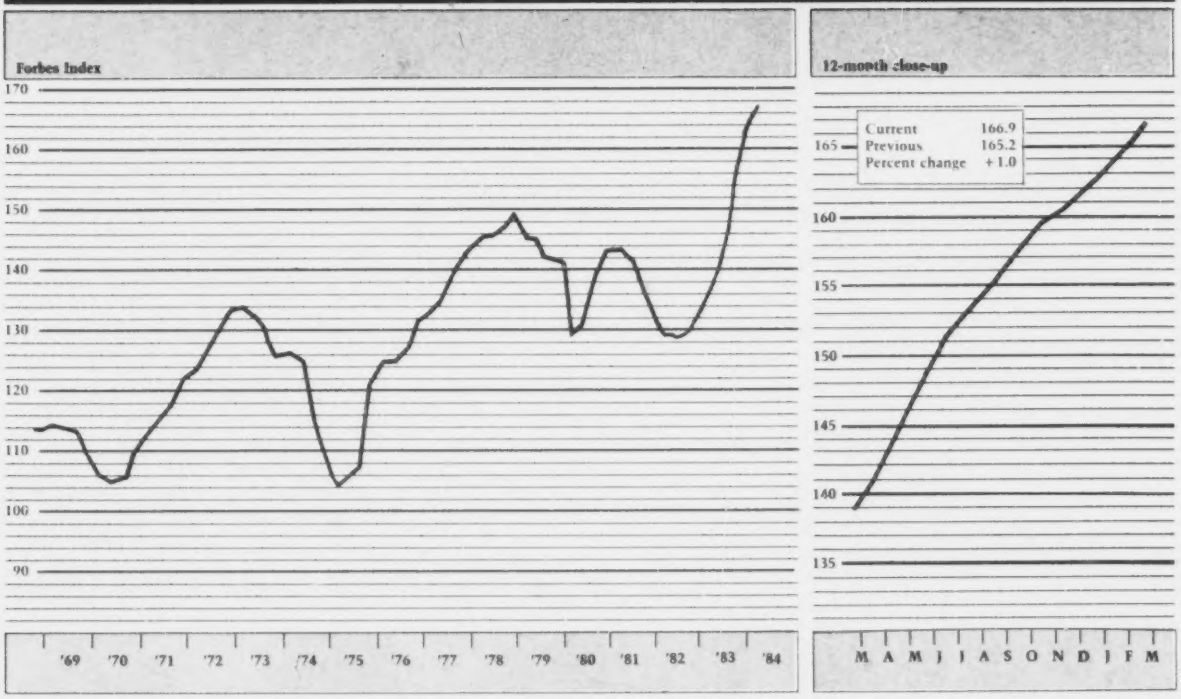
The Forbes Index



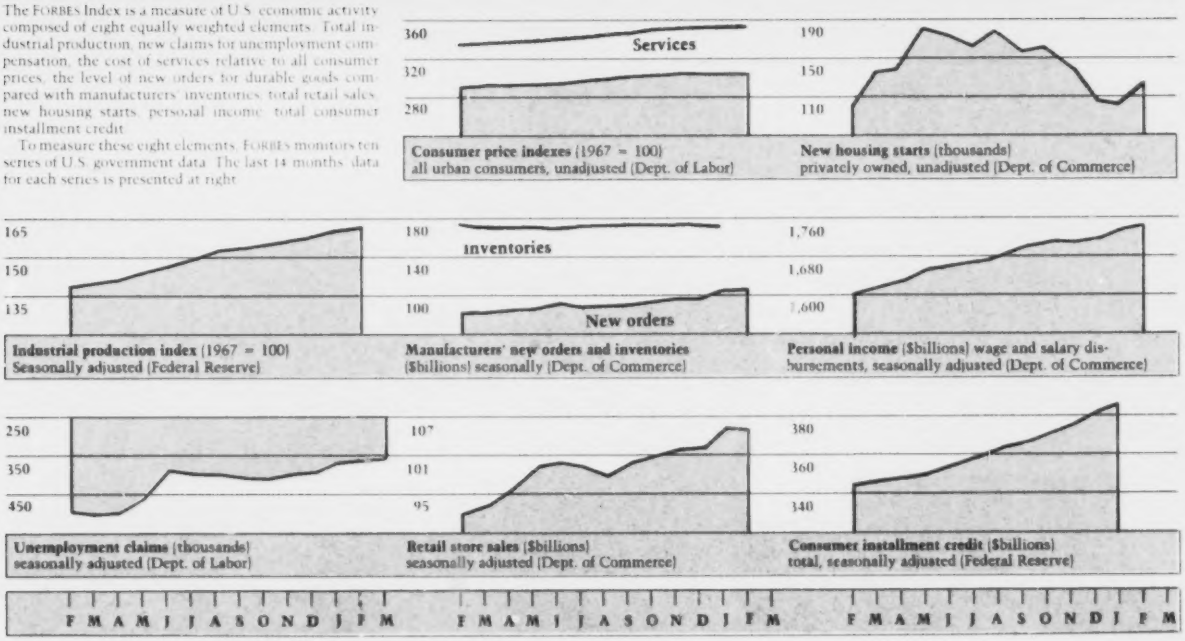
Working its way up. This month's figure for unemployment claims is the only new one in the Forbes Index. This change is enough to push the Index to another record high. From February to March of 1984, initial unemployment claims dropped 3.1%. But that masks the magnitude of the change: The number of newly jobless workers is down 28.1% from March 1983 and 40.4% from March 1982.

A look at weekly figures for this same indicator provides yet another reason to be optimistic about the strength of the recovery. For the week period ending Mar. 31, initial unemployment claims were only 336,000. This is the lowest level since the summer of 1979.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series is presented at right.



announced that henceforth it would refuse to purchase a one-year ARM if the first year's rate is more than 2.5% below the base interest rate. Private insurers like Mortgage Guaranty Insurance Corp. and General Electric Mortgage Insurance Corp. started to tighten underwriting standards for ARM mortgages back in February and March. Nevertheless, the ARMs race goes on. In early April, with fixed rates near 14%, a Long Island savings bank ad read: "new low rate 8.5%, one-year adjustable-rate home mortgages; 11.8% annual rate." In Houston, a home builder offered 7¾% the first year and "move in for $1."

What some shortsighted lenders haven't realized is that there's no free lunch. Sure, you can get business by offering absurdly low first-year rates. But the bill will come due, as it always does. Instead of being able to fob off interest rate risks onto borrowers, these lenders will end up with credit risks that many weak S&Ls and savings banks can ill afford. ■

There's lots of honey in the pension fund pot these days. So the bees are buzzing.

Pension funds as profit centers

By Thomas O'Donnell

IN THE LATE 1970s shortfalls in the nation's private pension plans—"unfunded pension liabilities"—approached $60 billion and amounted to a major worry. No more. Today, about 80% of all plans have surpluses. Instead of a worry, they are a major temptation to cash-hungry corporate treasurers wanting to get at them.

What's wrong with that? After all, they put the money in, why shouldn't they take it out? Well, for one thing, the surpluses in most cases are almost surely temporary. For another thing, they're not unexpected. They constitute what the Employee Retirement Income Security Act (ERISA) calls "experience gains." As attorney Michael Gordon, who helped write the legislation, puts it, "Experience gains should be retained to offset experience losses." That's why ERISA prohibits sponsors from taking surpluses out of existing plans.

There's a way around it, though: Simply terminate the plan and set up a new one. In fact, 190 plans have been shut down since 1979, netting about $1.2 billion for their corporate sponsors. Another 52 shutdowns, which will generate an additional $1 billion, are now awaiting regulatory approval. Lawrence Davanzo, partner with Wilshire Associates, a pension fund consulting firm, estimates that one in ten U.S. corporations is contemplating the termination of its pension plan.

In some cases, it's hard to fault that. "Companies that are in financial difficulty simply cannot afford the luxury of having an overfunded pension plan," says Arthur Williams, manager of Merrill Lynch's $350 million plan. That's why A&P has been trying since 1981 to end its plan and take out $200 million, although the action has so far been held up by employee objections and legal action. GAF Corp. raised about $60 million by ending its plan in 1982. Employees sued, but the courts upheld the company. More recently, Amax Inc., which has lost $880 million over the past two years, took $100 million of a $160 million surplus to pay down debt. "We aren't greedy," says an Amax executive. "We left $60 million."

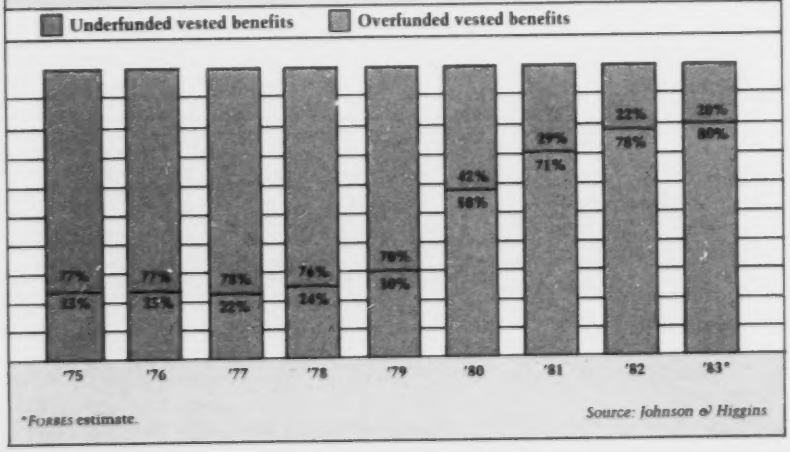
Now, though, healthy companies are also doing it. Some are ambitious. Occidental Petroleum, for example, was granted approval from the Pension Benefits Guarantee Corp. and the IRS to use $360 million in pension overfunding, presumably to help finance its $4 billion acquisition of Cities Service.

Other companies are worried that pension fund surpluses may turn them into takeover candidates. In 1981 Harper & Row terminated its pension plan and replaced it with an employee stock plan to get its stock in presumably friendly hands. (Not all that friendly, as it turned out: Some employees sued the publisher; the case is still pending.)

So far, major companies that have

What goes up . . .

Since 1980, large industrial companies with fully funded pension plans have become the majority. Three major factors: higher than expected interest rates, a recession-shrunk work force and a surging stock market.



*FORBES estimate.

Source: Johnson & Higgins

terminated plans have replaced them with something else. To get employees to go along, promised future benefits are sometimes beefed up by as much as 5% or 10%. One alternative is to replace a defined benefit plan with a defined contribution plan, which transfers the risk that inflation will diminish the purchasing power of the pension from employer to employee. "If the market is down when the employee retires, he gets screwed," says one corporate pension plan executive.

Then there is the so-called spinoff being attempted by Amax, among others. This is the newest, fastest growing and most controversial wrinkle. The fund is split in half, and improved benefits are promised to still-working employees to get them to go along. The surplus is then put into the retirees' pot, and annuities are bought to cover them. What's left over goes into the company treasury.

Pension funds got so healthy, of course, because the recession sharply reduced the ranks of those covered, the bull market pushed up stock portfolio values and higher-than-projected interest rates dramatically increased bond yields. But nothing stays the same. The ranks of those covered is rising again as employment rises, and the stock market has been on hold since mid-1983. Only bond yields remain high, because interest rates are staying up.

On the assumption that rates will remain high, some companies are tapping their pension funds indirectly, if not directly—by increasing their estimates of what the companies will earn on their assets. "Some plans have gone from 6% or 7% to 11% or 12%, then 14%," says Roger Thomas, pension counsel to the House Select Committee on Aging. That, of course, allows the company to cut back on its contribution.

Ironically, dipping into the honey pot won't help the stock market, which helped create the present affluence in the first place. "Over the near term the trend toward cutting back on pension fund contributions, whether directly or indirectly, will be bearish," says Prudential-Bache analyst Deborah Bronston. Why? Because in today's institution-dominated market, pension funds are the biggest players. Less money in the pension funds means less money in the stock market.

What it all means is that the pension fund wheel may be about to turn—just when some corporate treasurers are gambling that the good times will go on forever. ■

A major transition is under way in the economy of Taiwan—with important consequences for U.S. business.

The China Reagan can't visit

By Lawrence Minard

FOR REASONS OF STATE it is impossible, of course, but when President Reagan concludes his five-day visit to the People's Republic of China on May 1, he would return home greatly refreshed if he could pause for a few days en route in the China no U.S. President can visit—Taiwan.

Only 110 miles east of the mainland, across the Taiwan Strait but in another world politically and economically, Taiwan would be just the place for a chat between Reagan and leaders of the Third World's struggling economies on how, and how not, to effect economic growth. In Taipei, capital of the Republic of China, as its rulers insist that Taiwan be styled, they would see no waves of bicycles, as in Peking, but swarms of cars and motorcycles; no bored shopkeepers with little to sell, but thousands of well-stocked food shops and bulging department stores; no ideologically pure "revolutionary opera," but throngs of middle-class families flocking to the Tung Wang Restaurant for a fashion show and a concert of very hard rock.

While economies in Latin America, Africa and the Soviet bloc stagnate, Taiwan goes from strength to strength. By dint of hard work, low but rising wages, repressive but stable (and, today, not unpopular) government and an uninhibited business class with access to the rich American market, Taiwan's 19 million people have managed to turn this former Japanese agrarian fiefdom into one of Asia's most dynamic manufacturing economies.

In 1949, when Chiang Kai-shek and the defeated remnants of his Nationalist Army arrived, the island's per capita income was less than $50. By 1970 it was around $350. Today it is $2,500. That is about double South Korea's income level, light-years ahead of most Southeast Asian countries and a profound insult to the People's Republic of China, whose per capita income is now around $250. This prosperity is not built on borrowed cash. Taiwan's total foreign debt is only $8 billion. Foreign exchange reserves: $14.1 billion.

A little Japan? That greatly understates the case. Adjusted for differences in population, Taiwan's trade surplus against the U.S. last year—a record $6.7 billion—would be more than double Japan's. This year Taiwan's surplus against the U.S. could hit $8 billion.

Yet the Taiwanese can ill afford to relax and enjoy the fruits of their hard-earned success. Their economy is at a crossroads. The pools of cheap rural labor have run dry. The days of stable unit-labor costs and huge leaps in labor productivity—increases of over 10% annually from 1952 to 1970—are over. At around $80 for a 45-hour week, Taiwan labor remains cheap by U.S. and Japanese standards but has become overpriced, compared with the masses in Indonesia, the Philippines, Thailand and on the Chinese mainland. Simply put, Taiwan has no choice but to get beyond its low-wage manufacturing base and develop knowledge- and capital-intensive industries. "The caught-in-between theory that says Taiwan depends on a vanishing supply of cheap labor is simply wrong," says Dr. Sun Chen, vice chairman of the powerful Council for Economic Planning & De-

With the help of computers, show business, shrewd merchandising and your friendly postman, some smart entrepreneurs are restoring shopping to what it used to be—before the advent of rude clerks, jammed parking lots and sales taxes.

A boutique in your living room

By Richard Greene

MARY STAFFORD is a 35-year-old vice president at Fieldcrest Mills. Many a night she curls up in bed with her husband—a senior vice president at Chemical Bank—and relaxes with a pile of mail-order catalogs. The couple has lots of disposable income but not much free time. So they do their shopping, and plenty of it, in bed.

The couple defines upwardly mobile, affluent, educated young professionals. "In three months last year, we both got new jobs, and I had my second child," Stafford says. "So, at Christmas, I shopped for everyone by mail. Now, when I go to bed, I look at every catalog that comes in."

In 1951 Lillian Katz was a 23-year-old New York housewife. Her husband worked hard in his family's lingerie business, and she yearned for an idea that would bring in an extra $50 a week—the margin between getting by and living nicely. Katz bought a $495 advertisement in *Seventeen* magazine, offering a monogrammed belt and pocketbook. Orders for $16,000 worth of merchandise poured in.

Today, Katz owns and runs Lillian Vernon, a direct marketing firm with annual revenues of $100 million. Her annual income—after taxes—is well into the millions. She uses a chauffeur-driven Mercedes to travel between her Connecticut lakefront home and a lavish cooperative apartment in one of Manhattan's fanciest enclaves.

Thus have entrepreneurs like Lillian Katz helped turn the needs and wants of people like Mary Stafford into a $150 billion industry. Participating in the boom, but not always leading it, are some of America's biggest corporations. Last year, for example, American Express sold 2,500 plush fox coats that cost $1,000 each through the mail. Spiegel, owned by a big German firm, moved about 500 pairs of $175 Charles Jourdan sandals. And IBM reportedly sold 20% of its typewriter production without salesmen or stores.

Direct marketing, as this business is called, is making sales without the benefit of stores or face-to-face contact with clerks. It now accounts for 14% of all retail transactions. Since catalog orders are growing faster than in-store purchases, that figure should reach 20% before the end of the decade. Business-to-business direct marketing, which covers everything from legal forms to large computers, is expanding even faster.

The big fellows have a piece of this

action, but small entrepreneurs blaze the trail. Maybe that's because there is a lot of show business in direct marketing, and individuals are better at that than big corporations.

Consider Richard Thalheimer, who sells lifestyle as much as he sells a product line. His Sharper Image catalog offers glitzy merchandise that nobody really needs, the consumer society gone berserk. A $2,395 jet-propelled surfboard is typical. But Thalheimer, who started with nothing in 1977, expects sales of $100 million this year.

Show business? Meet Harold Schwartz, president of Hanover House, a family of 22 catalogs. He peddles everything from shoes and stainless-steel steamers to decorative lawn birds. Schwartz sports a diamond pinky ring and leaves the top four buttons of his shirt open. Very mod, but also very shrewd. Sales at his company, owned by Horn & Hardart, which trades on the American Stock Exchange, rose 55% last year, to $220 million. The gimmick? "You can win a 2 carat diamond ring in our $550,000 anniversary giveaway," trumpets Hanover's Rainbow of Gifts catalog.

Schwartz lays out his progeny like a family genealogy while explaining how each catalog spawned another. "People said, 'You're crazy, Schwartz, you're competing with yourself.' But we're like Procter & Gamble. They've got all kinds of soap."

Why is all this happening? Computer-generated mailing lists help identify prospects, while credit cards and toll-free long distance numbers facilitate ordering and payment. Customers in such heavily taxed states as New York are well aware that buying by direct mail can be a nearly foolproof way to avoid sales taxes. But there is much more to this boom. Direct marketing is among the most identifiable and easily understood incursions of the service economy into the American way of life.

Retailing, of course, has always been a service business. But direct marketing does what no store can do.

"Hello, this is Betty Bianco. How can I help you?" It is lunch time. A woman from Colorado is telephoning Lillian Vernon to order a lucite towel rack from the spring catalog. The customer knows the item number, price and page number—all the necessary information. Quickly, Vernon's employee, Betty Bianco, puts these and her customer's credit card number on a computerized order form. She says good-bye, with a final pitch about sale-priced goods.

No hassle with parking. No time wasted finding the right size. No lines at the register. Many direct mail orders can be processed as quickly as a conventional retailer can run a credit card check.

How the world has changed. It used to be that the man who sold you your shoes lived down the street. And everyone knew his butcher. But corner groceries yielded to supermarket chains. Department stores replaced specialty shops. Malls supplanted downtown. Now marketing geniuses are folks who study statistics, not store owners who know that Uncle Harry wants black wing tips like the ones he bought before the war.

"Today," says advertising executive Lester Wunderman, "the computer makes it possible to recreate the same information relationship that used to exist between seller and buyer. A store owner could only remember 3,000 people. A computer can remember 3 million."

Take Spiegel. Over the last eight years, it has changed from a struggling has-been to a successful marketer of high-margin designer fashions and furniture. In 1983, the firm gave a number of top customers a $35 home entertainment book for Christmas. The gift cost Spiegel only $10, of course, and tests are under way to see if the promotion sparked enough incremental sales to bear repeating.

Saks Fifth Avenue, by contrast, leads the field in integrating its retail and catalog businesses. If you buy enough children's clothes from a Saks store, for example, within weeks you'll find the Saks kiddy catalog in your mailbox. Service takes another tack at L.L. Bean. There a telephone representative can instantly locate any order—particularly helpful the week before Christmas.

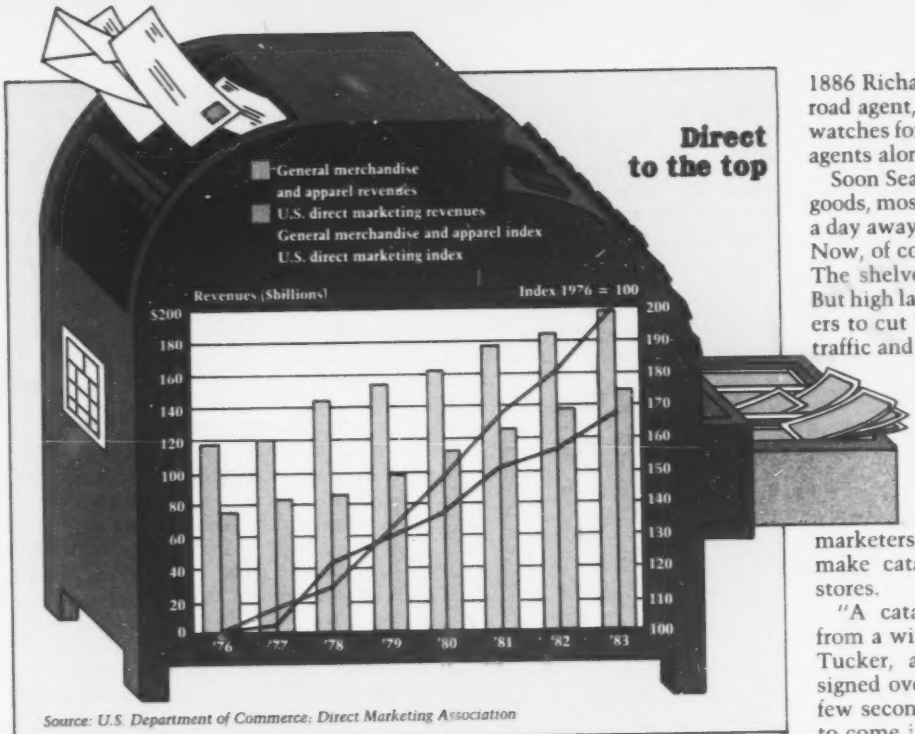
Direct marketing is a major part of what Alvin Toffler calls the "de-massification" of society. Manufacturers can easily satisfy any consumer desire. The trick now is to get all that stuff to all those people, without chaos. And to make everyone feel that, somehow, he is more than just a number.

For sale

The variety of merchandise available from catalogs is limited only by the fertile imagination of marketers. These 14 items were not selected on the basis of utility (though you may really need a pair of swans) or affordability (the NATO Bomb Suit runs a cool $12,900). Instead, this array represents the sometimes astonishing extremes of a fast-growing, diverse business.

Capitalist Pig Money Clip
$60
The Pork Avenue Collection
(617) 523-7447

Mallard Decoy Telephone
$259
Hammacher Schlemmer
(800) 368-3584



Source: U.S. Department of Commerce; Direct Marketing Association

The dollar volume of direct marketing has not yet caught up with total sales of merchandise and apparel. But direct marketing sales are growing much faster than those of conventional retailers.

Part of the response is the so-called boutique-ing of stores and the proliferation of specialty shops within department stores. But there is no better mass vehicle for one-on-one selling than the catalog.

The L'Eggs division of Hanes Group used to be deluged with letters from nurses asking for fashionable pantyhose in white—to match their uniforms. No retailer would bother with these specialized items, but nationwide the market was huge. To cash in, L'Eggs now mails catalogs regularly to 250,000 nurses.

Selling people things they couldn't get anywhere else, in fact, is the way direct marketing started. Back in 1886 Richard Sears, a Minnesota railroad agent, bought a shipment of $25 watches for $12 each. He sold them to agents along the line for $14.

Soon Sears was offering a variety of goods, mostly to people who lived half a day away from the nearest big store. Now, of course, it's just the opposite: The shelves are only minutes away. But high labor costs have forced retailers to cut back on help, and parking, traffic and crime are obstacles. So the ordeal of shopping takes half a day.

As a result, direct mail particularly appeals to customers who put a premium on time, like working women. Mail-order marketers know that, and they try to make catalogs just as attractive as stores.

"A catalog cover is no different from a window display," says Jo-Von Tucker, a consultant who has designed over 400 catalogs. "You get a few seconds to convince the shopper to come inside. You use the opening spread to set the mood—just like the department store uses the cosmetics counter."

"There's a real ambience involved," adds Saks' senior vice president for marketing, Paul Leblang. "Number one is the kind of paper we use. Number two is the fact that we shoot on location. We also get a variety of models, and we change their makeup or hairstyles."

Many catalogs also include a letter from either the founder or a buyer for the company. The idea is to create the

Crown Rib Roast of Pork
$54
Omaha Steaks International
(800) 228-2778

Full-length Mink Coat
$4,500
American Express Fur Salon
(800) 528-8000

Hero 1 Robot Kit
$1,199.85
Heathkit
(800) 253-0570

Even giants can play

Don't assume direct marketing is only for mom-and-pop operations. Look at the table below, which shows a dozen of the biggest catalog retailers, and you'll spot a number of the biggest companies around. The trick for these giants, of course, is to avoid killing off the entrepreneurial spirit in their mail-order acquisitions.

Company/principal merchandise	1983 sales (millions)	% increase from 1982
Sears Merchandise Group/general	$2,092	11%
JC Penney/general	1,652	7
Mobil Montgomery Ward/general	1,190	4
Otto Versand Spiegel/general	512	30
American Can Fingerhut/general Figi's/food	512	28
New Process/apparel	268	14
Horn & Hardart Hanover House/general (22 specialty catalogs)	215	54
LL Bean/apparel and sporting goods	205	7
American Express/high-ticket general	180	20
Quaker Oats Herrschners/crafts Brookstone/tools and household Jos A Bank Clothiers/apparel	152	27
Avon Direct Products/apparel	144	19
RJ Reynolds Jackson & Perkins/nursery Harry & David's/food Bear Creek/toys	111	1

Source: Direct Marketing Association, based on figures provided by companies

impression that there is a human being watching over every item and caring about every customer. Again, image is the name of the game. The avuncular Amos Pettingill at White Flower Farms entertains his catalog customers with clever gardening tips. One hitch. There is no Amos Pettingill. The homey letters come from Eliot Wadsworth, who owns the firm. But who'd trust an Eliot to tell him about dirt?

Aside from creating a bit of personality identification, however, catalog descriptions are secondary. The customer looks at the pictures, and if they grab his attention, he'll look at the price. Then, and only then, will he bother with the text. "I don't sit there and read the history of Lands' End Boomerang Pants," says Adair Faust, a 29-year-old mother from New Orleans who spends about $500 a year on direct mail purchases. "I just want to know about length and sizes."

Faust, like most steady mail-order shoppers, is deluged with catalogs. A good customer can easily accumulate 200 volumes during the October-to-January mailing season. But even the most successful catalogs draw purchases from fewer than 10% of all recipients, and printing and mailing splashy books can cost up to $3 each. That's why there is much more to direct marketing than simply waiting for the money to roll in.

The challenge here is called "targeting." Conventional retailers put up a SALE sign and wait for shoppers to beat down the doors. How do direct marketers find customers? One method is

Gaming Table
$2,500
The Gift Horse
(800) 858-4551

NATO Bomb Suit
$12,900
Law Enforcement Associates
(201) 751-0001

Miniature Horse
$1,000 and up
Del Tera Miniature Horse Farm
(803) 472-9788

to place a one-time ad for a representative item. Anyone who buys goes on the mailing list. That explains all those advertisements for seed catalogs in the Sunday newspapers.

Growth, however, comes slowly this way. To get a big list fast, call a list broker. These are middlemen who will arrange for a direct marketer to rent names fitting into a specific category. Advertisements in *Direct Marketing* magazine hint at what's available: "Wig buyers list has 169,000 1981 to 1983 buyers . . . $55 per thousand. These are fashion-conscious women mail-order buyers with an average age of 55 who have purchased Eva Gabor wigs from the Wigs by Paula catalog."

You can go even further. Selling sports-car ski racks in Minnesota? Match the list of motorists who own cars that will accommodate ski racks (readily available from the state's department of motor vehicles) with the list of zip codes for relatively affluent areas (from the Census Bureau) with the list of *Ski Magazine* subscribers. All this may cost as much as 15 cents per name, but you buy darn good prospects. The broker will add a few phony entries, to police against more than one use.

The most fortunate direct marketers, of course, already have lists. "Your best customer," as the old pros say "is always your last customer." J.C. Penney, for example, has become the nation's second-largest cataloger merely by tapping its existing customers. Department stores, many of which are making major moves into direct marketing, start with names of former customers.

American Express plays this game too. It now generates $180 million in annual revenues from catalogs, bill inserts and solo mailings, sent almost exclusively to credit card customers. Direct marketing revenues have grown 20% annually for the last five years. One reason: Robert Meyers, a former Bloomingdale's executive who came on board in 1976, has moved the product line up-market. Amex now sells jewelry, complex stereo gear, designer watches, $250 leather shoes and even fur coats.

Meanwhile, Sears, Roebuck, a granddaddy of catalog merchandising, is working to segment its already huge market. This is just a natural extension of targeting—if you can clearly identify your customers' specific needs, why not send them a catalog aimed at those desires? The firm now puts out nearly two dozen specialty catalogs that feature everything from cameras to telephones. One of the newest offerings is pitched to expectant mothers and has articles along with crib and bassinet listings.

For every new Sears catalog, of course, there are dozens of small entrepreneurs who think direct marketing will bring them untold riches. They are seduced by the common illusion that entry costs are low. All you need, so the optimists believe, is a little merchandise and a printing contract, both of which are available on credit. Then open the mail and deposit the checks. Cash flow is immediate. If your catalog is a loser, put out another one. Fast.

Here's the rub. An adequate order-processing system is expensive. Lillian Vernon, for example, has $5 million worth of computers and employs a 24-hour telephone staff of 150 people. A customer may buy from a persuasive catalog once. But he'll never buy again if the order isn't handled properly. Liberal return policies are also essential for success. Buyers are nervous about not seeing merchandise. Letting them return it without question allays fears.

The need for capital, and the presence of corporate buyers, has led many successful catalogers to sell out. American Can, for example, is assembling a collection of direct mail companies built around giant Fingerhut. Beatrice Foods owns Day-Timers, a prestigious stationery marketer. And Lillian Katz of Lillian Vernon claims to get regular offers, including a recent one from Gillette. Other big outfits, like 3M, are building catalog lines from scratch.

Many large companies, however, have troubles in direct marketing. It's tough to go up against established entrepreneurs who know how to avoid mistakes. Hallmark, for example, admits to losing almost $3 million on a women's fashion catalog, but some think the figure was far higher. "They had a book with three women's blouses for $200 each and one for $50," says a competitor. "The cheaper one sold well while the others didn't, but their next catalog had three blouses for $200 and one for $50. All they wanted was to walk around with a gorgeous catalog."

Penguin Thermos
$45
The Paragon
(401) 596-0134

Norma Kamali Gold Lamé Dress
$7,000
Spiegel
(800) 345-4500

Red Oak Colonial Pulpit
$1,590
Ecclesiastical Arts Catalog
(800) 367-8737

What four-letter word?

Don't use that four-letter word starting with *j*," says Postmaster General William Bolger, when you ask him about direct mail marketing. "The boom has been a marvelous thing for the Postal Service."

A marvelous thing, indeed. Thanks in part to the direct mail surge, the Postal Service's income statement has improved dramatically. In 1976 losses reached $1.2 billion. But last year there was a $616 million surplus.

Third-class mail, the category that includes most catalogs, now represents 34% of postal volume, up from 27% five years ago. Revenues have increased even faster, to nearly $4 billion last year. That's still far less than the $14 billion provided by first class, but third class is growing more than twice as fast as total mail volume.

This has been important in the Postal Service's improved finances. It has huge fixed costs, and growing third-class revenue plays a major role in offsetting them. Third-class mailers, moreover, lighten the post office's labors by presorting and receiving lower delivery priority.

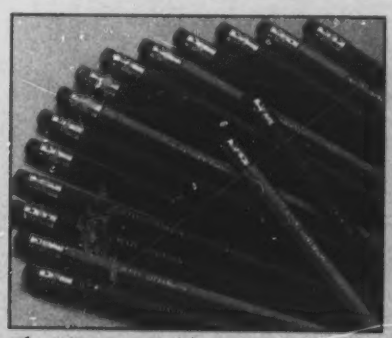
Even as he acknowledges these efficiencies, Bolger wants catalog houses to pay more. He wants a 22% increase on third class, vs. 16% on first class. Such are the politics of postal rates. And some folks would like to see even higher fees for packages and advertising mail. Members of the American Newspaper Publishers Association, for example, have lost Sunday supplement business to direct marketers. United Parcel Service, which delivers most mail-order goods, would like to see Uncle Sam charge more, too.—**Laura Saunders**

The risks and pitfalls don't keep catalogs from flooding the mails. There now are 6,500 consumer books, up from 4,500 only a few years ago. But the number of catalogs is growing far faster than the number of catalog shoppers, and this is a danger signal for direct mail's fringe operators.

The recent spectacular expansion has come largely by selling the same 20% or 30% of public more and more products. That's fine, and it has produced enviable growth. But for direct marketing to maintain the pace, the number of people who buy through the mail needs to grow.

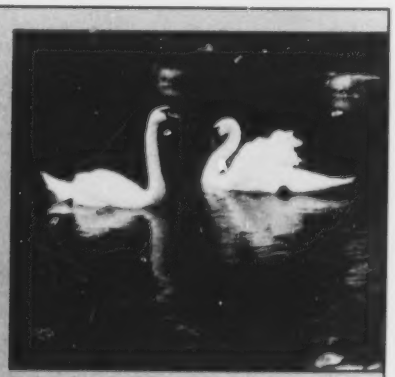
When Senator Gary Hart's staff used the mails to raise money, they decided, according to the *Wall Street Journal*, that good prospects could be found on trendy mail-order lists. Not surprisingly, the primaries showed that Hart's appeal was largely to so-called yumpies—young upwardly mobile professionals—many of the same people who shop mail order.

Though Hart may now be faltering, direct marketers seem to have a broader base. Demographic trends mean there will be more working women and retirees, and both groups love catalogs. With the rising cost of keeping a salesman on the road, business-to-business revenues will continue growing, too. Meanwhile, personal computers will enable direct marketers to give better service and target customers ever more closely. As sure as there's a sale every George Washington's birthday, conventional retailers will keep losing business to competitors with no stores. ■



Three Dozen Gold-stamped Pencils
$4.98
Lillian Vernon
(914) 576-6300

Miniature Working Oil Rig
$3,695
Blue Chip Gifts
(800) 858-4551



Pair of Swans
$1,200
Sears, Roebuck
(call local numbers)

The real news about insurance brokers isn't their passing imbroglios. It's the challenge to their basic business.

"When is our 1916?"

By Pamela Sherrid

INSURANCE BROKERS CAN'T seem to get out of harm's way.

Early in April Marsh & McLennan, the biggest firm in the industry, revealed that one of its bond traders had gone astray, forcing it to take a $60 million writeoff. Second-ranked Alexander & Alexander, meanwhile, is still suing a former employee of a British firm it acquired in 1982, after unexpected writeoffs of over $40 million.

All this is diverting, but it isn't the industry's real problem. Until a few years ago, brokers were the glamour boys of the insurance industry—with faster growth and higher profitability. But their business may never again be as cushy as it once was.

Profits at MarshMac, which grew 16% annually in the Seventies, have stalled at about $120 million for the past three years. Competitors fared far worse. Earnings are down an average of 53%, from recent peaks at A&A, Frank B. Hall and Corroon & Black. "The peak year for railroads was 1916; since then track miles have been declining," says MarshMac Chairman John Regan. "I think our business is one of the best going, but I do ask, When is our 1916?"

An insurance broker's traditional role has been to act as a middleman between large corporate customers and insurance companies. That can be a comfortable position. No underwriting risk. No need for much capital. The luxury of holding large sums of cash for a few weeks until premiums are actually paid to insurers.

For their labors, brokers earn a commission of between 5% and 25% of a policy's cost. Conflict of interest? Sure. The more the policy costs, the more the broker makes. But competition among brokers prevents abuse.

What's killing the brokers today, however, is the fact that insurance rates are unusually low *(see box, p. 120)*. Since brokers can't rely on investment income, they wind up working twice as hard for half the commissions. "It's fundamentally stupid to have a system where we make a percentage of another guy's price," says Regan.

John Regan, chairman of Marsh & McLennan
Will fee income help his premium squeeze?

That's only part of the trouble. In the Seventies, when inflation sent insurance premiums upward, customers began to buy smarter. Brokers used to be able to buy lunch for their clients and waltz off alone to see underwriters. Now corporate risk managers want to sit in on those negotiations. "Our value-added is being questioned," says Robert Hatcher, chairman of the privately held Johnson & Higgins.

A few companies have managed to do without brokers altogether. By shopping directly, they avoid paying commissions—like consumers who insure with direct writers, such as GEICO or Allstate. Will this catch on for commercial policies? Perhaps. As the trend continues, corporations may develop insurance-buying expertise, much as they are expanding legal departments and setting up in-house travel agencies.

The insurance industry's rate structure is part of the reason for this change. On average, insurers use 30% of premium income to cover operating expenses, including brokers' commissions. But for large policies, insurance company costs are roughly one-third less. "The big purchasers are carrying the weight of the others," explains Bruce Schnitzer, who is head of MarshMac's brokerage business.

Buyers want "unbundled" services to eliminate the subsidy. "The client is more willing to pay for what he really wants but not for what he doesn't," explains John Bogardus, chairman of Alexander & Alexander. If he knows how much of his premium goes for risk underwriting and how much for claims administration and loss prevention, a customer may decide to perform some of those functions internally.

Wonderful for the clients. But not so good for insurance brokers. Now many firms are hustling to offer newly unbundled services. Almost all the major brokers will manage a captive insurance company or handle claims processing. Unfortunately, there is lots of competition in some of these businesses. Georgia-based Crawford & Co. and GAB Business Services, Inc., a subsidiary of UAL Inc., for example, offer national claims-handling service.

How to get paid in this brave new world, when overall premium payments are shrinking? MarshMac's Regan thinks fee income is part of the answer. He wants insurance brokers to work like lawyers or accountants and earn fees accordingly. At the mo-

Why so many gracious extra touches? Because we've been expecting you.

Four Seasons Hotels

United States
New York (The Pierre)
Chicago (The Ritz-Carlton)
Dallas • Houston
Philadelphia • San Antonio
San Francisco (Clift)
Seattle (Olympic)
Washington, DC
1985—Boston

Canada
Montreal • Toronto • Ottawa
Belleville • Calgary
Edmonton • Vancouver

Inn on the Park
Houston • London • Toronto
Call your Travel Agent

ment, MarshMac gets up to 40% of its brokerage revenues that way. This helped the firm weather the current downturn better than the competition.

Many conservative brokers, however, cling to old ways, partly out of inertia and partly out of a desire to benefit when rates do finally rise. But a middle ground is increasingly popular: Take commissions for placing insurance and wangle whatever fees you can for other services. "We're in a chaotic state right now," says Hatcher of Johnson & Higgins, which insisted on straight commissions for all insurance purchases until 1980.

Things will get even more confused when banks get into the insurance brokerage business—competition that insurance brokers believe is inevitable. Industry experts figure that the banks will tackle the consumer market first. To get a piece of the $55 billion in annual commercial premiums, however, it takes expertise. "The only place to get the talent is at the broker firms," says Richard Miller, president of Corroon & Black.

Miller should know. This spring, Corroon drew an unfriendly takeover bid from Ingram Industries, a privately held conglomerate. Two other big insurance brokers—Fred S. James Co. and Rollins Burdick Hunter Co.—have recently been acquired by insurers. Banks may have to buy their way into the business the same way.

With everything changing around them, insurance brokers need top-flight strategic planning. Without it, the risks in their business today look a lot higher than the rewards. ■

Profits are not insured

The fall in premium rates has been bad news for insurance brokers. MarshMac, the most diversified of the lot, got a big boost from its money management operations.

Publicly held insurance brokers	1983 revenues (millions)	% non-insurance	1983 net profit (millions)	% change from 3-yr av[4]
Marsh & McLennan	$968	27%	$123.0	8.3%
Alexander & Alexander	555	14	21.0[1]	–51.0
Frank B Hall	365	none[2]	12.5	–55.0
Corroon & Black	172	none	12.9[3]	–23.0

[1] Before a $20 million writeoff to bolster insurance reserves. [2] Excludes Hall's investment in Jartran, a truck leasing company currently in Chapter 11. [3] Before a securities gain of $5 million. [4] 1980-82

The case of the misbehaving cycle

Property and casualty insurers used to have a predictable six-year rhythm—three years of underwriting profits, then three years of losses. But since 1978 commercial underwriters have been fighting the longest price war in memory.

The current crisis dates from the mid-1970s. When inflation raged, corporate insurance buyers rebelled. They began using more self-insurance, forming captive insurance companies and buying cheaper policies to cover only catastrophic losses. To make matters worse, price-cutting competitors, including foreign insurers and domestic industrial companies, moved into the market.

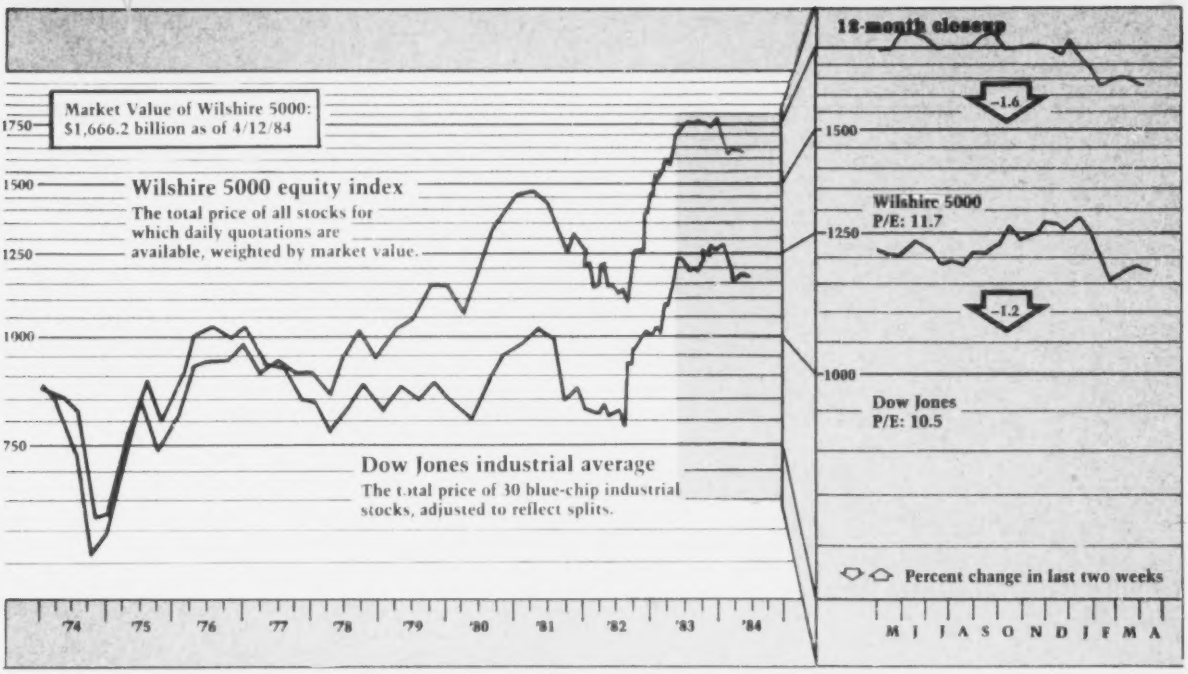
Despite today's grim rate structure, however, most commercial underwriters are still profitable. That's because of high investment income. This worries old-line insurance executives. To them, regular underwriting losses mean business is spinning out of control.

In fact, the margin between investment profits and underwriting losses is already shrinking. Last year underwriting losses increased 28%, while investment income grew only 6%. Some firms are already losing money, and if losses spread, rates will surely rise. "Saying 'there will be no more insurance cycle' is like saying 'the stock market is dead,'" argues MarshMac's Regan.

Whatever happens though, the industry's six-year predictability seems gone forever. Today the growth of captives has peaked, but that's in part because of the low rates they helped create.

Felix Kloman, president of Risk Planning Group, believes that self-insurance may permanently limit the rise of commercial property and casualty rates. If traditional underwriters start boosting premiums, corporations may simply use their homemade alternatives more.—P.S.

The Forbes/Wilshire 5000 Review


12-month closeup
Market Value of Wilshire 5000:
$1,666.2 billion as of 4/12/84
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
-1.6
-1.2
Wilshire 5000
P/E: 11.7
Dow Jones
P/E: 10.5
Percent change in last two weeks
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84
M J J A S O N D J F M A

Is this any way to get in shape? As the market continues to shed earlier gains, the loss of real and paper profits has put consumers on something of a spending diet. The regimen seems to be working, and market fundamentals are gaining strength. The P/E of the more than 5,000 issues that make up the Wilshire index is now down to 11.7, the lowest figure since January of last year. Despite the rash of cuts in 1984 and 1985 earnings estimates, analysts still predict P/Es of 7.9 and 6.5 for The Forbes 500s index. Unless economic troubles throw these forecasts off, rising profits should put upward pressure on share prices.

Investors, of course, still worry. Concern over budget deficits and heightened inflation helped the Wilshire index lose 1.6% during the last two weeks. NASDAQ stocks were hit harder and suffered a 3.6% decline. Even Amex shares, which were resilient early this year, fell 2.3%. For the four-week stretch, secondary stocks generally lost more ground than widely traded shares. The NYSE was flat for this period, while the Amex fell 2.2% and NASDAQ 3.4%. The investor yardsticks also show that high-volatility and high-growth stocks posted steeper declines than their more conservative counterparts.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.7	0.2	–0.9	0.0	–2.2	–3.4
in last 52 weeks	–2.5	–1.1	–0.7	–0.2	1.9	–13.0

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–0.9	–2.1	–4.8	–0.2	–4.7	–1.4	–1.3	–3.1	–4.4	–1.7	–1.0	–3.9
in last 52 weeks	–0.7	16.9	3.3	10.9	–7.5	12.2	9.3	7.9	6.0	9.0	2.1	9.3

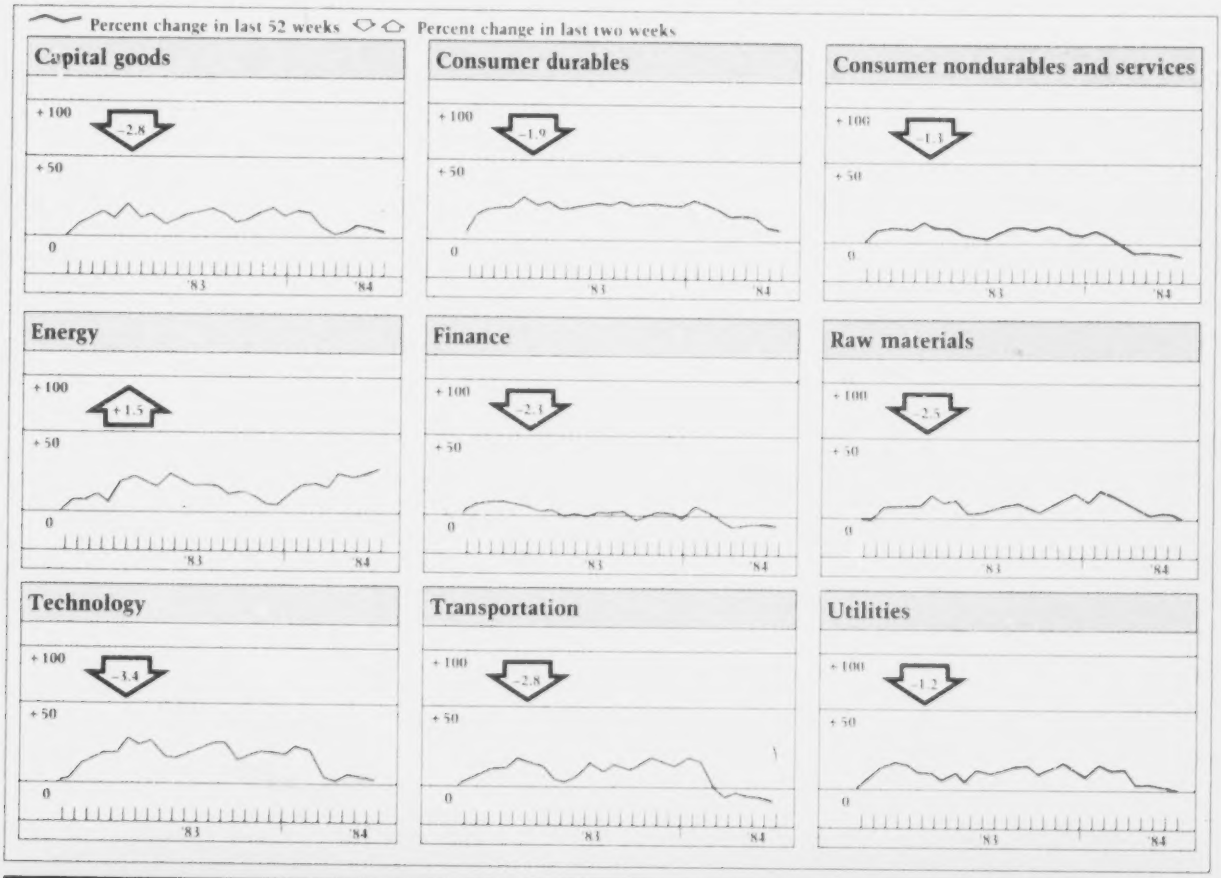
[1]Based on sales
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/12/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Finishing behind the start line. Only two groups—consumer durables and energy—are at higher levels now than they were this time last year. Consumer durables are ahead by only 0.9%; and energy stocks, which bounded up from a depressed base, are up 22.5%. Unless there are more major oil takeovers, these shares will have trouble continuing their rapid pace.

During the last two weeks the market's only gain came from energy stocks. Technology companies led the way down with a 3.4% decline. These issues also show the worst 52-week record: They are 9.5% lower today than they were 12 months ago. Capital goods and transportation shares, with losses of 2.8%, are tied for second-poorest two-week performance.



What The Analysts Think

Smiling smokestacks. Analysts often make optimistic earnings estimates and then scale back their projections as the year progresses. Over the last two weeks, however, the experts raised their 1984 earnings forecasts for consumer durables and capital goods. Meanwhile, energy and transportation stocks show the largest cutbacks.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.76	11.5
1984 estimates	4.24	7.9
1985 estimates	5.18	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Consumer durables	$3.51	0.63%	2.31%
2	Capital goods	2.52	0.57	0.72
3	Utilities	3.60	-0.05	-0.04
4	Consumer nondurables	2.79	-0.60	-0.95
5	Raw materials	3.43	-0.68	-1.56
6	Technology	2.18	-0.82	-1.12
7	Finance	4.01	-0.87	-1.52
8	Transportation	3.03	-1.55	-3.49
9	Energy	2.93	-1.57	0.10

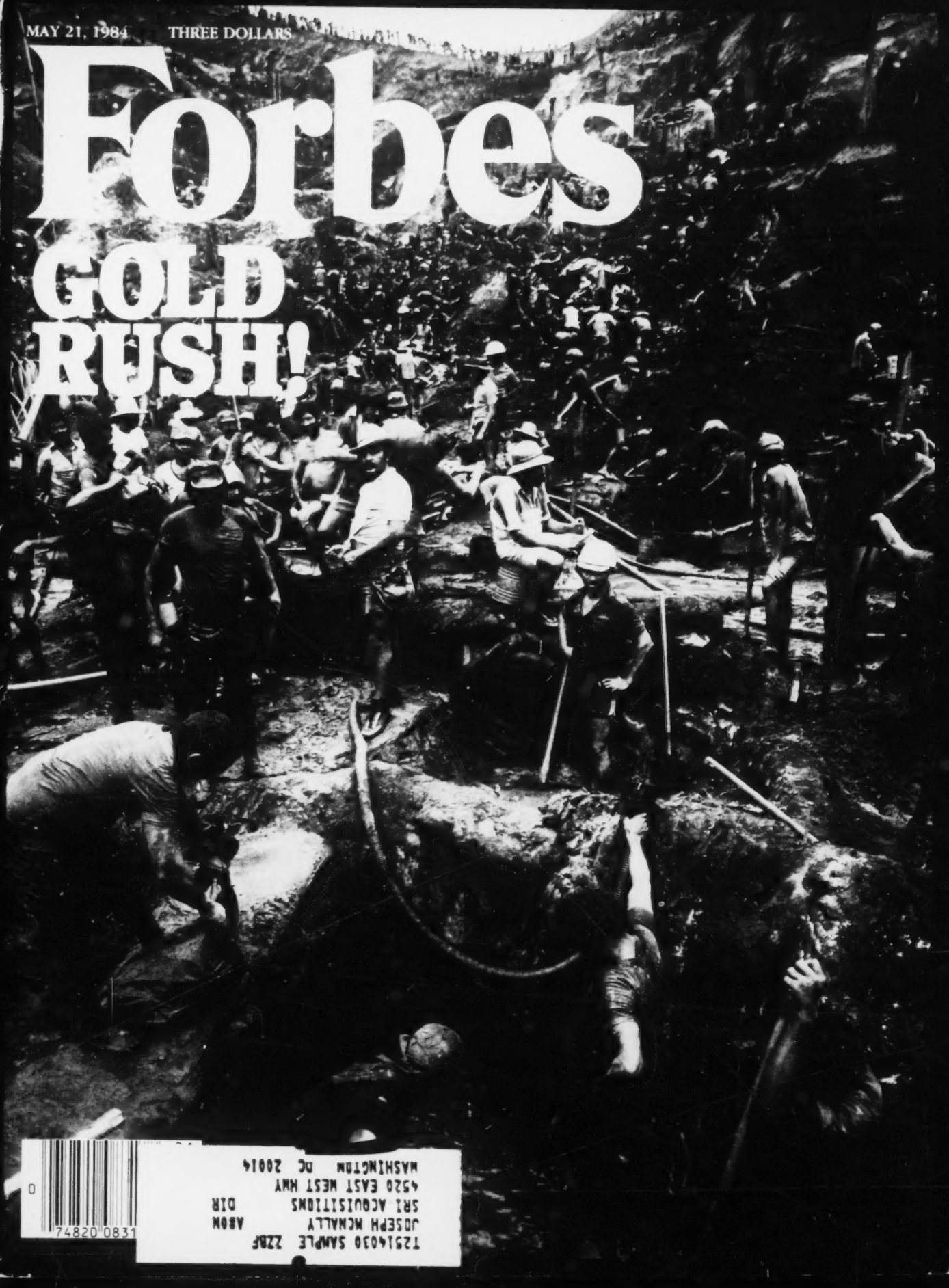
Earnings projections are equal-weighted consensus estimates from over 1,500 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 4/12/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

MAY 21, 1984 THREE DOLLARS

Forbes

GOLD RUSH!



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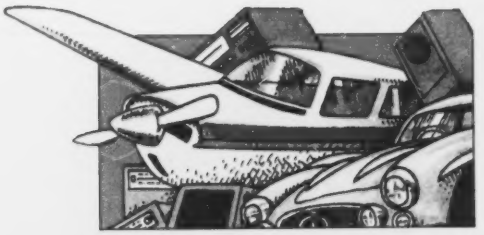

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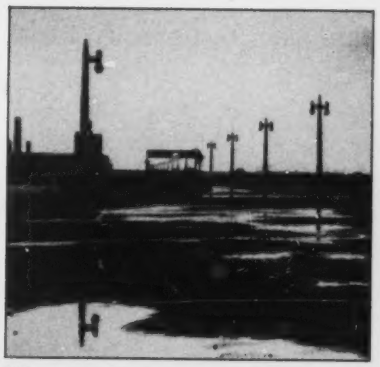

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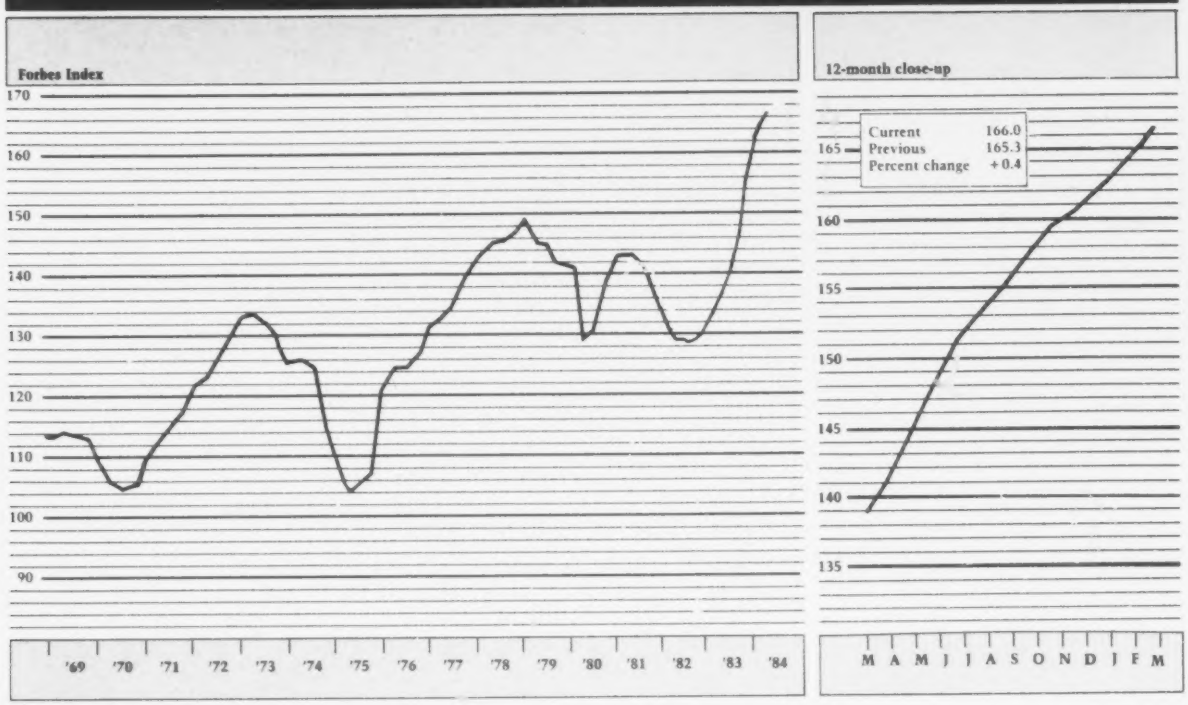
The Forbes Index



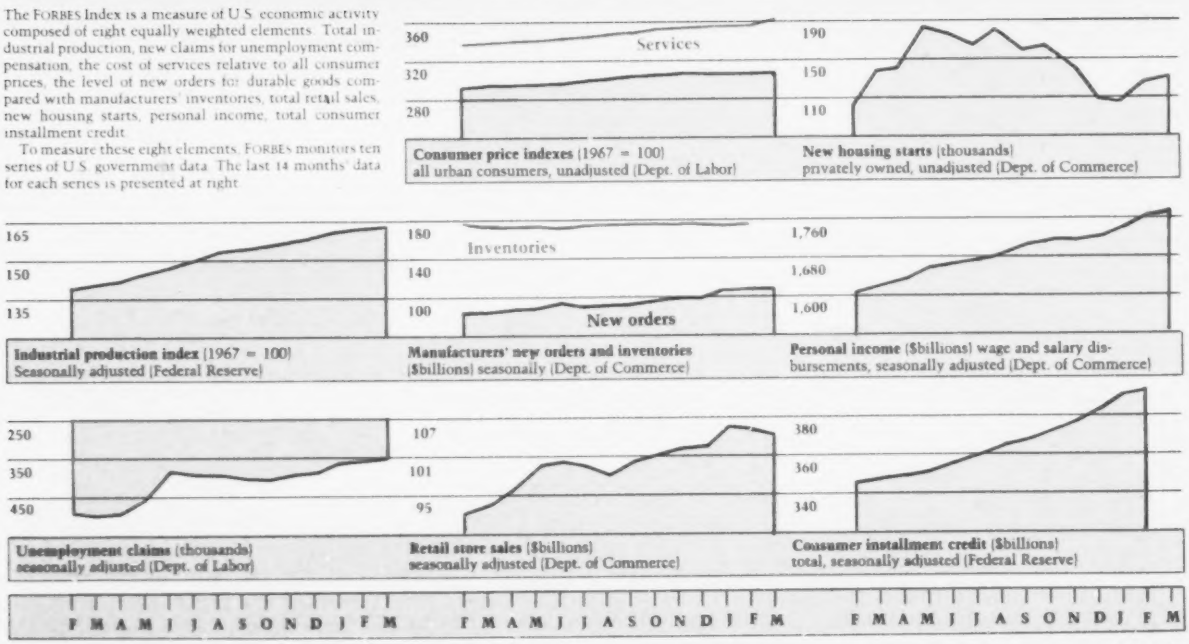
Good news! A hot recovery is cooling off. The Forbes Index is up only 0.4% in the latest reporting period. While this puts the Index at an alltime high, the rate of increase has slowed significantly. This may lay to rest worries that the recovery was about to overheat and self-destruct.

New housings starts, with a 5.5% gain from the previous month, helped the Index grow. So did the healthy 1.7% increase in consumer installment credit. On the negative side, retail sales fell 2.2% in March and, for the first time in five months, new unemployment claims rose—by 1.7%. Watch this number: A resurgence in unemployment could endanger the recovery.

The Forbes Index Components

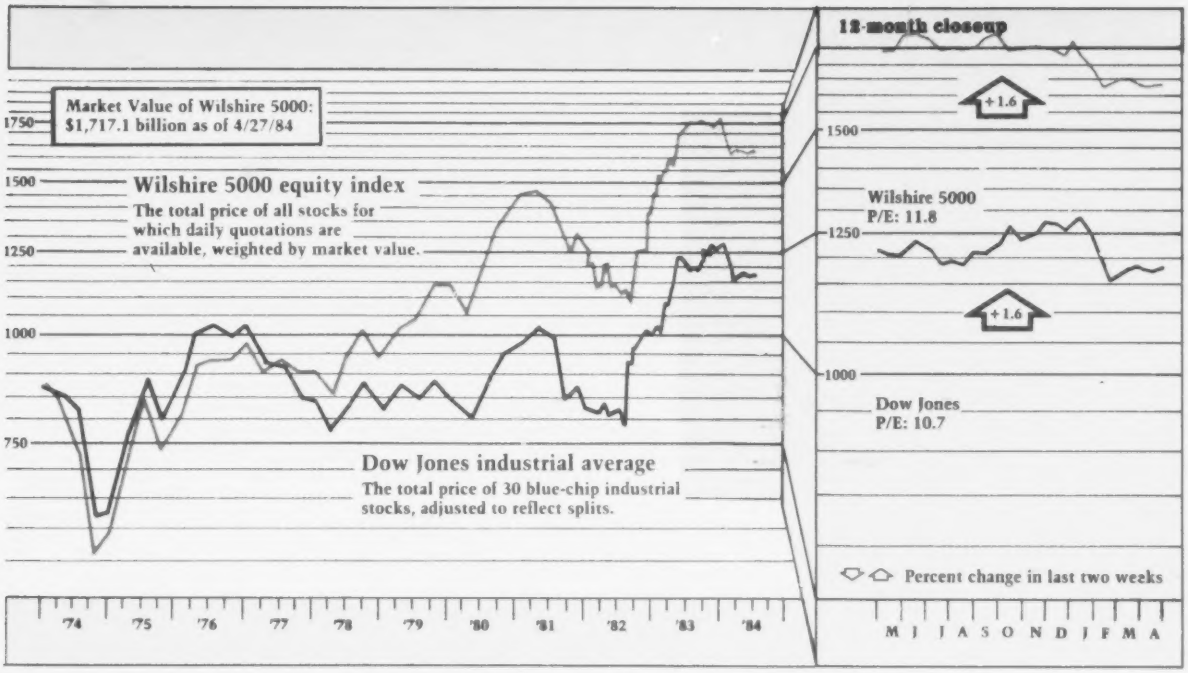
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series is presented at right.



Shelley Dell

The Forbes/Wilshire 5000 Review



Things could change. The Dow industrials closed at a new low for the year during the last month, three weeks after the Wilshire index hit its low. Since then, however, the market has staged a modest comeback. The Wilshire, which now measures more than 5,500 issues, ended the last two weeks with a 1.6% advance. The Dow industrials and the NYSE index matched that performance. But the Amex, once again, was stronger than the overall market. It posted a 2.2% gain. NASDAQ stocks, on the other hand, continued to be laggards. Their gain was a mere 1.2%.

The market's latest rise, of course, could become just another short-lived technical rally in which prices don't budge from the narrow trading range they have occupied since early in the year. But Wall Street could make a break for new territory before summer is over, or even sooner. Sure, some experts expect a downside move. But optimists point to signs of a jagged economic recovery, which reduces the danger of a resurgence in inflation. Other encouragement: The Forbes 500, a major sector, is selling at 12 times latest 12-month earnings, but at only 8.2 times projected 1984 earnings and 6.6 times projected 1985 earnings. Even with some downward revision in these estimates, the stocks in this group look cheap.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.0	0.7	0.4	0.3	–0.1	–1.5
in last 52 weeks	–4.8	–3.4	–4.7	–2.5	–1.0	–15.8

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–0.5	–2.6	–3.5	–0.6	–3.3	–1.7	–1.2	–2.4	–3.1	–1.2	0.0	–2.3
in last 52 weeks	–2.9	10.5	–0.6	7.8	–10.7	5.9	6.2	3.4	1.4	5.3	0.1	3.4

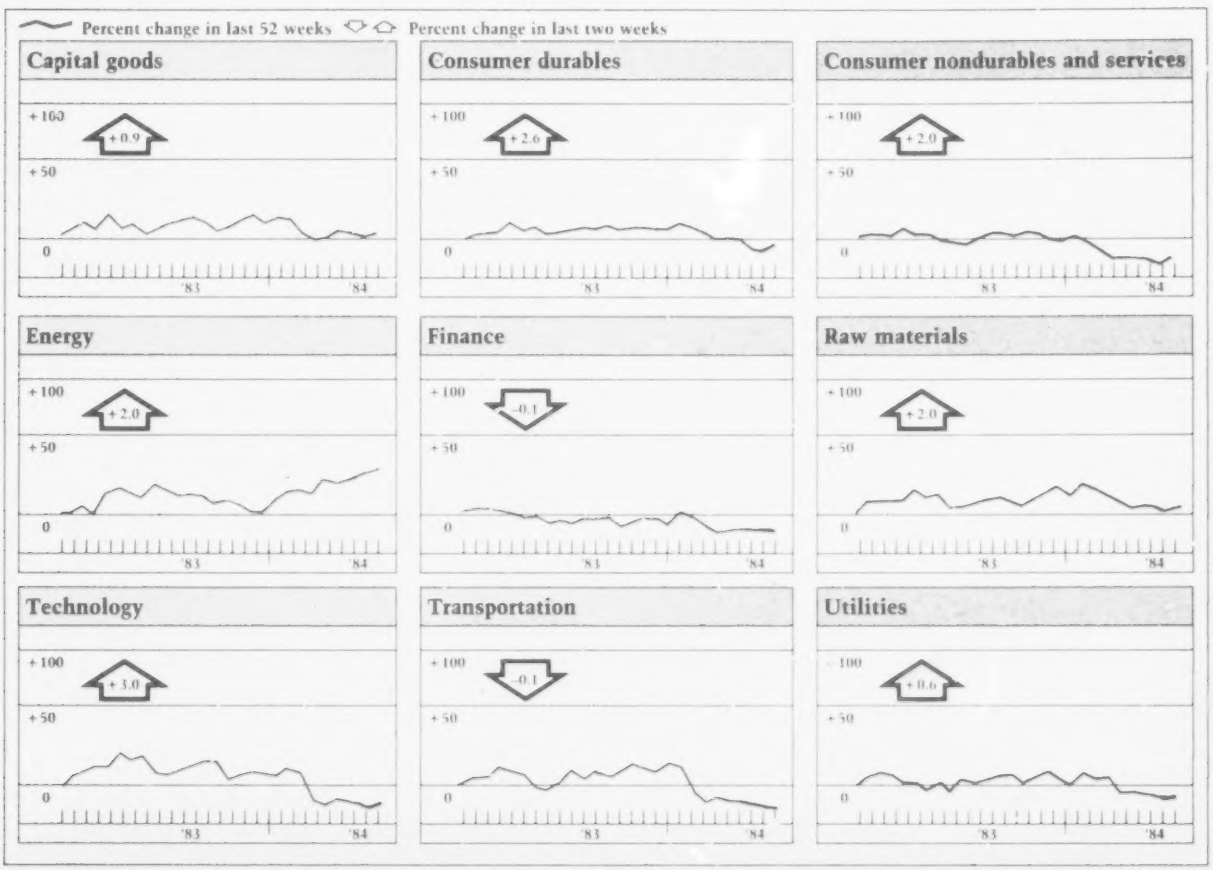
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/27/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Riding out the storm. During the last two weeks, consumer durables, consumer nondurables, raw materials and energy all outperformed the overall market by advancing 2% or more. Technology issues, up 3%, registered the biggest gain, while transportation and finance shares suffered minor setbacks.

The erosion of 52-week performance continues. Only one group, energy, now sports a gain—up 19.6%. Other sectors have not benefited from merger mania. The Wilshire index is off 4.8% for the year, but six industry groups are even deeper in negative territory. Technology shares show the poorest performance, a 10.9% loss. Consumer durables, off 4.3%, and raw materials, off 1.8%, fared somewhat better than the overall market.



What The Analysts Think

Smaller expectations. Over the last two weeks, analysts have reduced their 1984 forecasts for all sectors except utilities, which are virtually unchanged. Despite record earnings from Detroit, consumer durables show the largest cuts. Even with the latest reductions, however, 1984 and 1985 estimates make many stocks look like bargains.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.72	12.0
1984 estimates	4.21	8.2
1985 estimates	5.11	6.6

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Utilities	$3.60	0.06%	-0.14%
2	Consumer nondurables	2.[illegible]	-0.47	-1.19
3	Capital goods	2.42	-0.54	-0.01
4	Technology	2.01	-0.87	-2.18
5	Energy	2.83	-0.95	-2.50
6	Finance	3.92	-1.40	-2.07
7	Raw materials	3.28	-1.47	-2.02
8	Transportation	2.79	[illegible]2	-3.30
9	Consumer durables	3.25	-[illegible]18	-1.19

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 4/27/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Statistical Spotlight

Low in price does not necessarily mean low in quality—in stocks just as in any other type of merchandise.

Bargains below $5

THERE ARE MORE than 5,500 publicly traded shares, and over 1,200 of them now sell for $5 or less. The efficient market works well here, and the majority of these low-priced stocks deserve to be low-priced. Only about half of the group show earnings for the most recent fiscal year, and fewer than 200 earned any money at all during the most recent 12 months.

Is there gold to be found among all these tailings? To do some exploration, we asked our computer if any of these 200 companies that trade below $5 are sound enough to qualify as loaded laggards. These, to our way of thinking, are stocks with a potential value that may exceed current price.

Here are the criteria. We specified a debt-to-equity ratio of no more than 1.0. That eliminated companies with lots of borrowing on their balance sheets. Then, we culled further to find only those companies whose average annual four-year per-share earnings growth is positive. That eliminated moneylosers and declining businesses. Finally, to avoid paying premium prices, we specified that shares sell for no more than twice book value.

What you see below is the result. Note that many of these 25 companies trade well below book value. Some also carry unusually modest price/earnings ratios. This is a remarkable fact, given our tests for strong earnings growth and solid financial ratios.

These, of course, are low-priced stocks. But they carry value, too. Not, for all that, a crapshoot. ■

Stocks that look cheap, but may hold real value

Company/business	Recent price	—Latest 12 month— EPS	P/E	Current ratio	4-year earnings growth	Sales (millions)	Return on equity	Debt/ equity
Alaska Bancorporation/banking	4¼	$1.16	3.7	1.05	29%	$15.6	18.3%	45%
Barco of California/apparel	3⅝	0.28	12.9	3.79	4	24.3	6.3	1
C&R Clothiers/retail	1½	0.12	12.5	1.63	86	36.4	3.1	24
Consumers Financial/insurance	2¼	0.16	14.1	0.53	30	15.5	6.2	37
Dahlberg Electronics/health care products	4⅞	0.39	12.5	2.93	37	17.7	28.5	15
Essex Corp/technical svcs	4½	0.50	9.0	1.91	20	18.2	14.9	0
Gemco National/building materials	4⅜	0.68	6.4	1.91	4	50.8	6.6	60
Harvest Industries/food processing	3¼	0.35	10.7	3.81	1	38.8	8.8	6
Jiffy Industries/leasing	1½	0.77	1.9	0.80	NM	14.5	65.4	31
LCS Inds/marketing svcs	3	0.53	5.7	1.75	133	11.6	31.5	22
Lomak Petroleum/oil and gas	1 1/16	0.07	15.2	1.05	125	17.8	17.5	19
MCO Resources/oil and gas explor and dev	3⅛	0.13	24.0	2.72	52	77.4	13.1	35
Natpac/food processing	1	0.15	6.7	1.24	19	44.8	2.5	44
Noel Industries/apparel	3	0.20	15.0	1.56	59	36.0	5.3	9
Penn Engineering/machinery and construct	1⅞	0.29	6.5	1.31	20	174.8	13.9	35
Peoples Restaurants/restaurants	2	0.22	9.1	1.31	4	25.3	5.8	30
Powell Industries/electrical equip	3½	0.27	13.0	3.28	20	50.7	10.4	3
Rauch Inds/Christmas decorations	5	0.61	8.2	2.12	60	14.5	25.4	14
Sterner Lighting Sys/lighting equip	4⅛	0.15	27.5	2.43	23	31.6	14.4	36
Topsy's Intl/fast food	2⅞	0.35	8.2	1.12	55	16.3	7.7	2
TransNet/computer svcs	2⅛	0.43	5.5	4.82	20	12.2	16.2	2
Treco/real estate	3	1.42	2.1	0.45	2	27.2	38.1	31
Utd Central Bancshares/bank holding	4 1/16	0.38	10.7	1.03	1	116.8	6.6	40
Weiman/film svcs, home furnshngs	3⅛	0.11	35.2	2.03	18	26.1	3.1	67
Yardney/batteries	4¼	0.34	14.0	4.05	22	22.2	11.7	20

NM: not meaningful

Sources: Disclosure II Data on Diskette via Micro-Scan from ISYS Corp.; FORBES

Is it possible to identify companies that are candidates for leveraged buyouts? Here are 31 tempting prospects.

Selling high

By Steve Kichen and Leslie Pittel

THE LEVERAGED BUYOUT game is beginning to get dicey, as FORBES pointed out in a recent cover story *(Apr. 9)*. Nevertheless, it is still going strong and producing fat killings, not only for the dealsters of Wall Street but also for those lucky investors who happen to be in the right place with the right stocks at the right time.

Last month, for example, a management team led by Ralph Schey, chairman and CEO of Scott & Fetzer, proposed to buy the company at $50 per share. Shares in S&F, which does direct selling and makes a variety of industrial products, jumped from 45 on Apr. 13, the day before Schey's offer, to over 54 on Apr. 24.

A few days later, a group led by Ivan Boesky announced that it is also considering an offer for Scott & Fetzer, but at $60 per share. That sent prices up even more, to over $57—an alltime high. Now, management has withdrawn its offer, and S&F seems likely to be sold to Boesky. The result: a potential 30% gain for shareholders in a solid, low-risk company that has rarely carried an earnings multiple

Leveraged buyouts, anyone?

Institutional investors are lining up to participate in the next leveraged buyout, and this rush can be good news for shareholders. Often an initial offer sparks a bidding war in which stock prices move up sharply.

We used our computers to generate this list of mundane companies with low debt ratios and cheap share prices relative to earnings and assets. These qualities make them potential LBO candidates.

Company/business	Recent price	—52-week— high–low	Sales (mils)	Latest 12-month EPS	P/E	Yield	Debt/ equity	Current ratio	Asset turnover	Cash flow/debt
Armstrong Rubber/tire & rubber	15¼	22⅛–15	$ 595	$4.78	3.3	6.1%	35%	2.41	1.6	0.4
Atwood Oceanics/oilfield svcs	18¾	26 –16¼	101	4.31	4.4	—	19	4.04	0.6	3.7
Avondale Mills/textiles	19⅞	25¾–15⅞	302	3.02	6.6	4.0	25	2.50	1.9	1.3
Biltrite/footwear	5⅜	6⅞– 4½	62	0.65	8.3	2.8	15	2.55	2.1	0.8
Buell Industries/auto parts	20⅝	24¼–13½	53	3.00	6.9	1.9	8	3.53	1.3	1.7
Cerberonics/tech engineering & svcs	6¼	11½– 6½	32	0.85	7.9	1.5	0	3.39	2.0	NM
CHB Foods/food processing	10⅝	16⅝–10½	292	1.60	6.6	1.9	19	1.44	2.6	0.8
Cluett, Peabody/apparel	24¼	32¼–22½	867	3.02	8.2	3.7	34	2.34	2.0	0.5
Cobe Laboratories/health care equip	11¾	31 –11	105	1.30	9.0	—	17	3.43	1.3	0.9
Crowley, Milner & Co/retail	21¼	26⅛–18	76	2.96	7.2	4.7	11	2.30	1.9	1.1
Del Laboratories/drugs	20⅞	26 –20⅜	67	2.41	8.7	2.3	34	2.57	1.3	0.4
Firestone Tire & Rubber/tire & rubber	17¾	23⅞–15¾	3,866	2.01	8.8	4.5	30	1.75	1.4	0.6
Glosser Brothers/retail	12	18⅞–11¼	224	1.92	9.8	2.1	12	2.65	5.6	1.3
Goody Products/cosmetics	10¾	18⅞– 9	128	1.24	8.7	2.8	20	3.65	1.8	1.0
Hastings Manufacturing/auto parts	37½	38⅝–21¼	52	3.91	9.6	1.6	7	3.41	1.9	2.1

NM: Not meaningful

Sources: Disclosure II Data on Diskette via MicroScan from ISYS Corp.; FORBES

Leveraged buyouts, anyone?

Company/business	Recent price	—52-week— high–low	Sales (mils)	Latest 12-month EPS	P/E	Yield	Debt/ equity	Current ratio	Asset turnover	Cash flow/debt
Interco/shoes	57	85 –56¼	$2,674	$6.34	9.0	5.1%	20%	4.04	1.7	0.6
Ipco/health care equipment	11¼	18¾– 9¾	171	1.16	9.7	2.7	29	2.31	1.7	0.5
Arthur D Little/consulting	23½	24½–19	181	2.41	9.8	3.0	3	1.65	2.0	4.0
GC Murphy/retail	36⅜	40⅜–26	822	4.22	8.6	3.5	31	2.30	2.7	0.8
Murray Ohio Manufacturing/bicycles	22¾	31¼–20⅜	387	3.53	6.4	5.3	22	2.97	2.1	0.9
Nuclear Metals/uranium recycling	14¼	36 –10½	58	1.79	8.0	—	23	2.34	1.0	1.1
Ohio Art/toys	10	12½– 9	28	1.28	7.8	2.4	31	2.48	2.1	0.5
Phillips-Van Heusen/apparel	20⅜	23⅞–11⅛	455	2.61	7.8	2.0	30	2.63	2.2	0.3
Standard Commercial Tobacco/tobacco	21	27¼–16¾	447	2.96	7.1	2.1	24	1.38	2.3	0.9
Stone & Webster/building	36¼	49⅜–34½	322	4.13	8.8	5.5	5	1.47	0.8	6.5
Strawbridge & Clothier/retail	64	75 –64	472	8.33	7.7	2.8	32	2.07	1.4	0.6
Tony Lama/footwear	15⅜	17¼–12½	86	1.73	8.9	5.2	21	3.61	1.5	0.6
Trans-Lux/electronic displays	12¼	19¼–10⅜	27	1.40	8.8	0.8	24	1.72	0.9	0.8
United States Sugar/sugar	44	68 –35	275	5.84	7.5	—	11	2.30	0.8	1.9
West Point-Pepperell/apparel	38⅝	54⅞–38	1,206	5.78	6.7	5.7	24	2.80	1.7	1.2
William E Wright/specialty retail	9⅜	12½– 9⅜	58	1.00	9.4	4.1	2	3.46	1.5	7.1

Sources: Disclosure II Data on Diskette via Micro/Scan from ISYS Corp.; FORBES

above 10 during the last decade.

Where do you look to get in on similar deals? "What you really want is a modest growth rate, low requirements for future capital spending and a stable cash flow," says Bill Ludwig, vice president at Morgan Guaranty. In other words, leveraged buyouts tend to occur at ho-hum companies involved in manufacturing, distribution and retailing. There can't be much existing debt on the balance sheet either, since a buyout entails lots of new borrowing.

To find the kinds of companies that meet these criteria, we used Micro/Scan software from Massachusetts-based ISYS Corp. and screened the Disclosure II database of more than 5,000 stocks. Since year-end 1983 data are not yet available for all companies, some of our work uses 1982 balance sheet ratios. But these numbers tend to be fairly stable from one year to the next.

We screened for companies with sales of between $20 million and $5 billion. To select firms that would work as leveraged buyouts we included only companies where long-term debt-to-equity was 35% or less. We also specified that cash-flow-to-debt ratios be greater than 0.3. The larger this number, the more quickly a company can pay off its long-term obligations—which is the name of the game in leveraged buyouts.

All the firms on our list also have latest 12-month return on equity of 7% or more, positive four-year average annual earnings growth and a current ratio greater than 1.43. This establishes a minimum level of growth and profitability. To eliminate overpriced stocks, we scratched any company selling at more than 10% over book value or with a price/earnings ratio greater than 10.

Patrick McDonnell

Of our 31 companies, 6 are in the apparel or footwear business. Five retail firms also make the grade. William E. Wright, for example, specializes in sewing materials and notions.

Firestone Tire, meanwhile, is the largest company on our table. If Gulf Oil, with $26.6 billion in sales, almost went private, why not Firestone? Mind you, we have no information that it will, but it bears the earmarks of a company that could.

Computers, of course, don't do buyouts. People do, and the prospect for a firm's future is a part of the equation that our screen misses. Presumably, no one wants to work a leveraged buyout unless he thinks a company's outlook is bright. Another favorable portent: Lots of insider stock ownership, which makes a buyout less costly.

There are other advantages to owning stocks that might appeal to the leveraged buyout boys. Since these companies trade at low prices to begin with, they don't carry the downside risk that accompanies highfliers. And because these firms make sense as leveraged buyouts, they are also attractive as conventional takeover candidates.

How good is this list? Tony Lama, one company that makes the cut, attracted a cash buyer for a block of its stock at presstime. In addition, Riblet Products, which manufactures hardware for mobile homes, showed up on our initial printouts. But it's not on the table. While we were double-checking our statistics, a group of investors headed by Spear, Leeds & Kellogg made a buyout offer. Riblet shares jumped 20% as a result. ■

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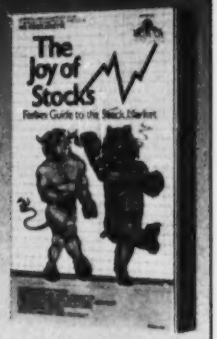

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Venture Capital

Got a plan for a restaurant chain featuring crusty pizzas and animated puppets? Venture capitalists aren't interested.

WHERE THE ACTION IS

By Thomas P. Murphy

Every venture firm's morning mail brings its fresh quota of gold and oil deals, movies, real estate, construction and what have you.

In the minds of the entrepreneurs who wrote those proposals, anything goes in the venture business. All you have to do is find the right venture capitalist. Eventually, they hear: "Your proposal is not within our current range of interest."

Is that just a polite way of saying, "That's one of the dumbest ideas we ever heard"? Not necessarily. What these budding entrepreneurs have really come up against is that venture capitalists invest in a fairly narrow spectrum of industries and types of businesses.

There are reasons other than blind habit for this tendency. Stanley Pratt, head of Venture Economics Inc. of Wellesley Hills, Mass., explains it this way: "Seventy-five percent of venture investment is productivity related. The money is invested in products or services that save the end user money. Computers do this. Even in the medical and genetic engineering fields, the venture-backed companies usually have a productivity story."

But habit—put more accurately, experience—does shape the preferences of venture investors. As Pratt puts it, "Venture capitalists are comfortable when they understand the market."

Where do they find this comfort? Venture Economics Inc.'s 1981 and 1982 figures show where the venture money has been going. The 1983 numbers are being run now, but they provide no shocks. There are trends but no radical departures.

Venture investments by industry:

	Percent of dollar amount invested	
Industry	1982	1981
Computer related	42%	30%
Other electronics	14	12
Communications	10	11
Medical/health	6	6
Energy	6	10
Consumer	5	5
Industrial products	4	5
Genetic engineering	3	7
Industrial automation	3	4
Other	7	10

Funds going to computer-related companies, for instance, grew even larger in 1983. According to Pratt's preliminary numbers, these companies got nearly half of the $2.6 billion or so that the venture capitalists invested last year. CAE was the big new category for investment in the computer field. What's that? Computer-aided engineering. It is now a red-hot field for venture money. Software remains big, too, especially software that increases the productivity of software writers.

Fading, in that broad category of "computer-related," was semiconductor fabrication. Most venture firms already have their bets down on VLSIs (very large scale integrated devices) or companies whose products will help manufacture them. Communications, overall, probably got about the same share of venture money in 1983 as it did in 1982 and demonstrated the rapid melding we

Thomas P. Murphy heads a venture capital firm, Partnership Dankist, Stamford, Conn.

are now seeing of the computer and telephone networks. The big, newer category of communications investment was the digital switch, or PBX. This innovation represents a major advantage over the older, analog switch since it has the ability to carry efficiently computer data as well as voice.

The medical field has always been an enticing but difficult one for venture money. The rigors of the Food & Drug Administration's testing procedures, along with perhaps a decade of time and an investment of $1 million or more, long ago drove venture investors and small businesses in general out of the drug field. But venture people continued nibbling, with considerable success, at companies in medical instruments and devices. Now, with medical dollars constricting for the first time in living memory, the venture people have managed what has proven to be a nice sense of timing. Last year they switched their emphasis to companies that offer hospital management services.

Many smart venture capitalists swore that they would never again get into developing new drugs. But an exception to that resolve has turned up in another category, genetic engineering. While venture-backed genetic engineering companies tended to push into plant and animal research to avoid the FDA problem, the possibilities of a blockbuster new drug—a cancer cure, for example—are so enticing that venture money has come back.

Industrial automation is a time-honored, though relatively minor, category for venture investment. There was a time when that meant industrial process control. Today it means robotics.

So, if you have an idea that needs venture money, remember: The common thread in 1983's investments, as Pratt points out, is productivity. If the product or service increases productivity, a venture capitalist can analyze the business plan and reach a reasoned conclusion about it. That is what he is good at doing.

On the other hand, if the plan calls for opening a chain of restaurants featuring crusty pizzas and animated puppets, that might be a tough sale in today's venture capital industry. ■

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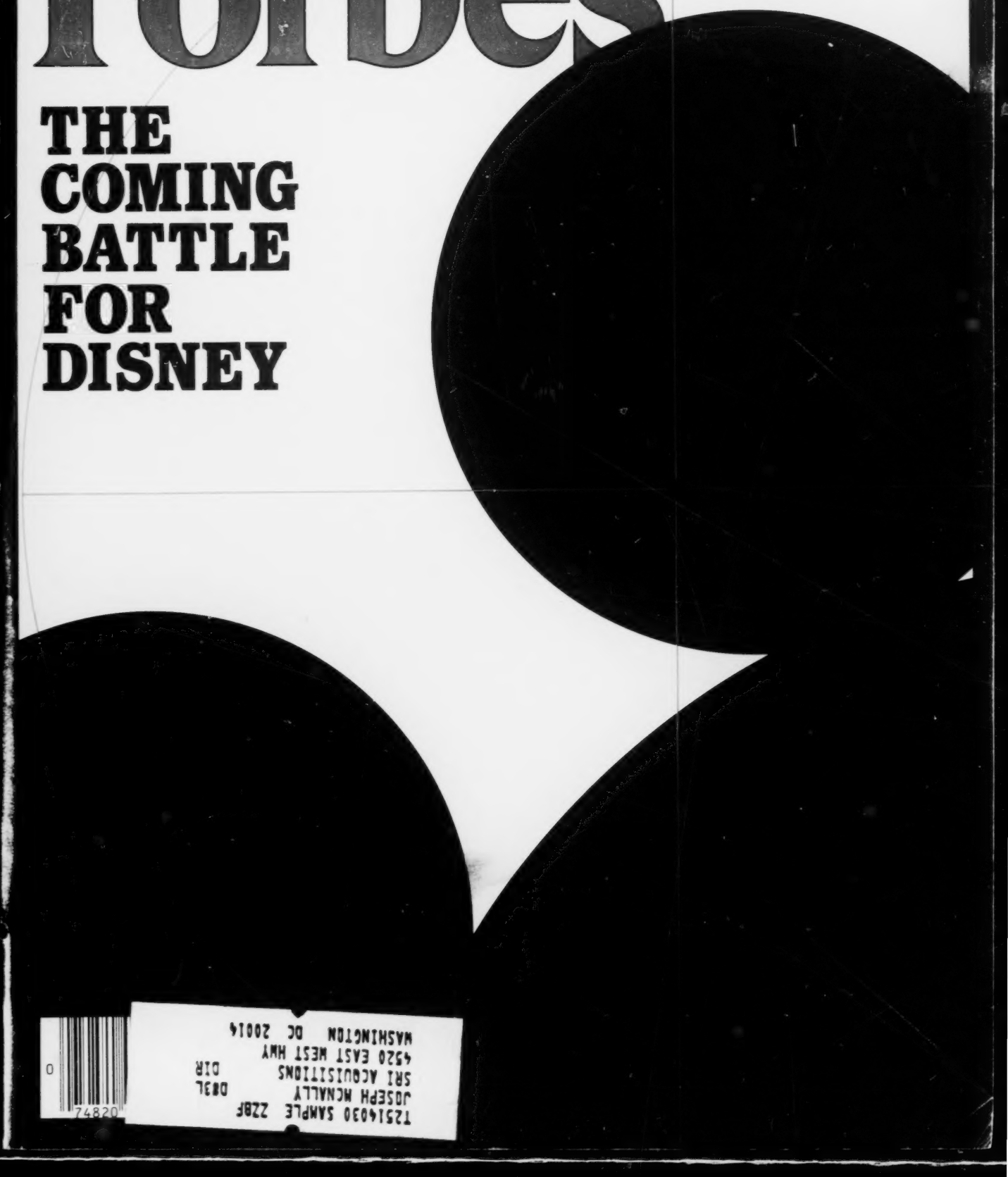
THE COMING BATTLE FOR DISNEY



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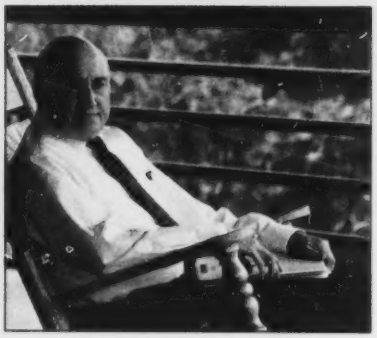

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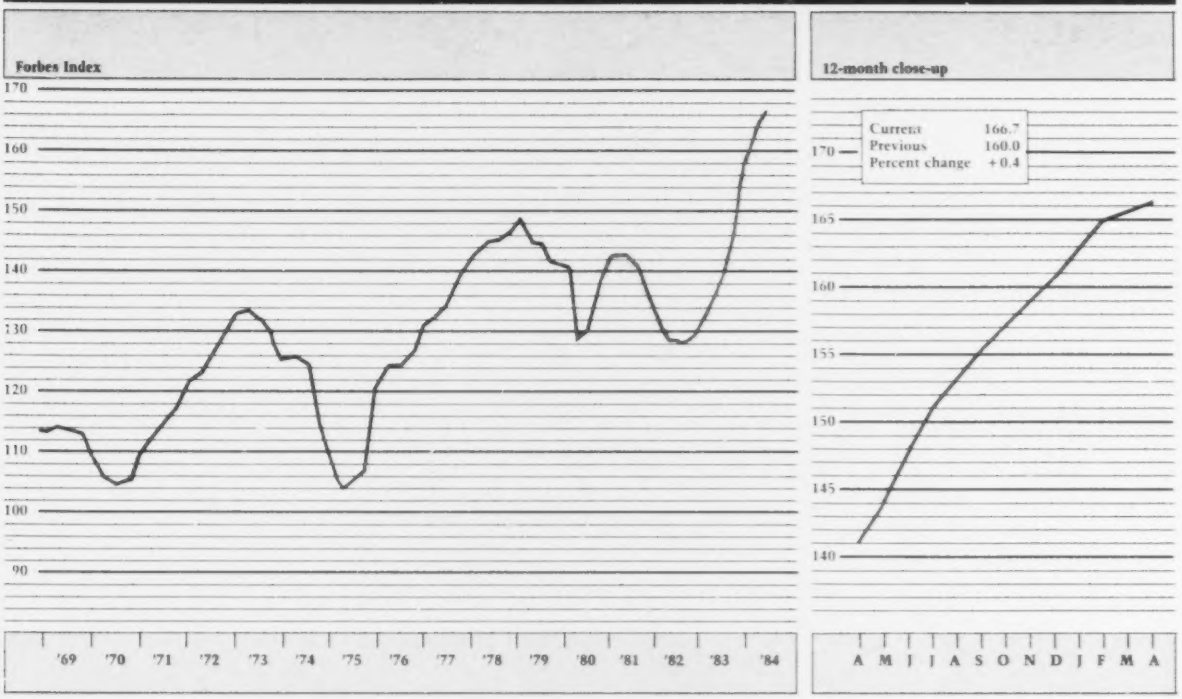
The Forbes Index



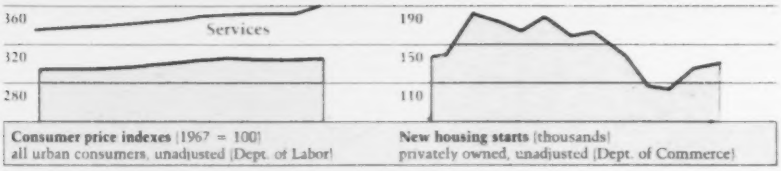
Slower can be better. The Forbes Index continues to register smaller gains than it did earlier in the recovery. In the latest reporting period the Index is up only 0.4%. Over the long run, however, this moderation could help keep inflation under control and thereby sustain the recovery.

In the latest reporting period only two Index components were updated, but both are significant and should be watched over the coming months. On the positive side, consumer installment credit registered a 1.5% month-to-month gain. In general, the willingness of consumers to take on more debt is an encouraging sign—provided, of course, that they have enough income to liquidate it eventually. On the negative side, new unemployment claims rose for the second month in a row.

The Forbes Index Components

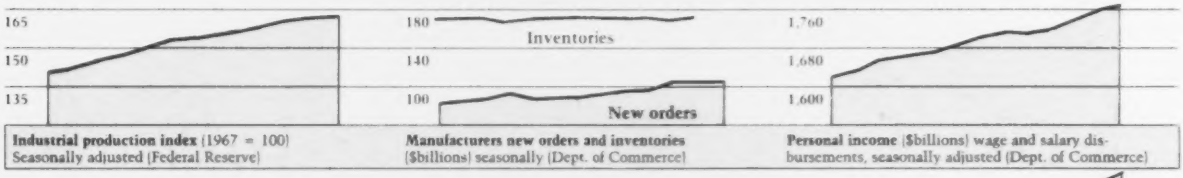
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)

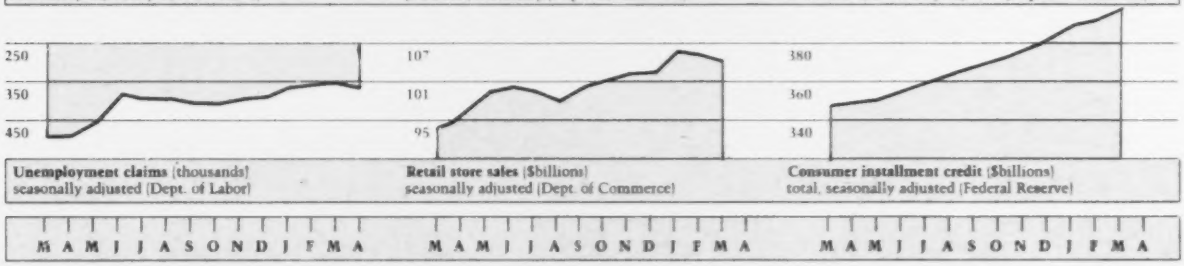
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) Seasonally adjusted (Federal Reserve)

Manufacturers new orders and inventories ($billions) seasonally (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Executive salaries get more attention than corporate press releases. Strip away the politics, however, and most compensation plans work well.

Worth his weight

By John A. Byrne

A TIDBIT FOR THOUGHT the next time the subject of "overpaid" corporate managers comes up: Michael Jackson, the 25-year-old pop singer, earned an estimated $50 million last year from the nine songs on his *Thriller* album. That is roughly equal to the combined compensation of the nation's ten best-paid chief executives.

Michael Jackson, of course, seldom gets bad press. Businessmen nearly always do. Right now everyone from Ralph Nader to Peter Drucker is worked up about the size of corporate paychecks. "Only in America would they beat up on the guy who is winning," says Philip Caldwell of Ford. He earned $7.3 million last year and heads FORBES' 1984 executive compensation survey.

Caldwell's income—and that of a handful of other highly paid corporate leaders—is a tempting subject for criticism this year because important union contracts are up for renegotiation soon, and the highly visible automobile industry is recovering from an unprecedented slump. In addition, Wall Street's gains make many stock options unusually valuable.

Beneath the rhetoric, the basic issue of all compensation isn't absolute numbers. It is fairness. Consider a sports analogy. In 1982 the New York Mets gave star outfielder George Foster a $2 million-a-year contract to lure him away from Cincinnati. In his first Mets season Foster managed a mere 13 homers, 70 runs batted in and an anemic .247 average. Overpaid? Sure. But last year he did better. And this season Foster is one of the main reasons for the Mets' success.

Everyone from Ralph Nader to Peter Drucker is worked up about fat corporate paychecks. "Only in America would they beat up on the guy who is winning," says Ford's Philip Caldwell.

The same thing happens in business. Union Pacific, for example, hasn't set many records during the past two years. But Chief Executive William Cook ranks high on the pay roster because of $3.4 million in stock gains. "Nearly all the big numbers are really earned over seven to ten years," he explains. "It's sensationalism to show everything at once. Even if I don't sell my shares, I have to pay close to 57% of my stock gains in taxes. I'm having a hell of a time finding enough cash."

The message here is that there is often no direct relationship between current pay and current performance. Read out of context, proxy salary listings are as misleading as the seven-figure contracts that cover ball players even during slumps. The objective of any pay program, for chief executives and athletes, is for rewards to correlate with results over the long term. Despite the current headlines, there is new evidence that the corporate compensation system works surprisingly well.

The encouragement comes from a group of economists at the University of Rochester's Graduate School of Management. They tracked over 300 top-paid chief executives and compared their salaries and bonuses to their companies' stock performance from 1977 through 1980. The link is impressive: When share and dividend gains were among the top 10%, the boss typically went home with a real 9% pay increase, without considering gains from stock options. But when a company meandered along the bottom 10%, the boss averaged a real 4% annual pay cut. "Salary and bonus really do depend on stock performance," says Ronald Schmidt, coauthor of the analysis.

Another Rochester study looked at pay, including the value of options at grant, and reached the same result. Kevin Murphy tracked the total pay of 461 executives at 72 corporations from 1964 to 1981. He concludes that when shareholders receive a real 10% gain in any given year, salary plus bonus to senior executives rises by a real 2%. If returns fall by the same percentage, pay drops by 2%.

Most chief executives are shareholders in the corporations they run, and this, too, links their earnings to performance. Each of the 103 CEOs in one survey, for example, held shares in their companies worth an average of $4 million. "Even if a chief executive owns only 1%," argues Murphy, "that's a tremendous amount of his personal wealth tied up in the stock. You can be damn sure he cares what happens to the price of it."

Look at Warner Communications' Steven Ross. With total earnings of $3.7 million, he was number four in the compensation ranks in 1982. Last year Ross' paycheck was considerably slimmer. But declining stock prices hit him even harder. His Warner shares fell in value by $3 million. Morley Thompson not only was ousted when Baldwin-United unraveled, but if he held on to his 612,678 shares through the year, he lost more than $16 million.

None of this surprises the economists. They argue that when a highly paid executive doesn't deliver the goods he will often be fired. The Rochester analysis indicates that odds were nearly 1-to-3 that a 55-year-old chief executive who was overpaid by 30% relative to long-term stock performance would be out of a job within 18 months. "While firings are rarely brutal at this level, the boss does leave," says Schmidt.

The relatively high turnover among U.S. chief executives is another fact that critics conveniently forget. Sure, Japanese managers make considerably less money than their American counterparts. But seldom is there a coup d'état or a stockholder revolt in Tokyo. In Japan, moreover, perks are often extensive, what with $100,000-a-year golf club memberships and generous pensions.

Corporations are strengthening the connection between pay and performance with long-term incentive plans. A great idea, even though it is often flawed in application. More than half The Forbes 500s companies with long-term incentive plans link pay to earnings rather than to stock market performance. "The problem is that earnings per share as a goal relates to quantity and says nothing about the quality of those earnings," explains Eugene Nawrocki of consultant Wyatt Co.

Louis Brindisi of Booz, Allen & Hamilton Inc. argues that corporations should be tying pay awards more closely to shareholder gains in stock value and dividends. But even this isn't perfect. Consider: GTE Corp.'s goal of an 8% return on equity. The company hasn't dropped below a 10% return in the past 15 years. And last year the industry median was 14.4%.

Outside directors, too, are looking more closely than ever at pay packages. "The argument used to be that companies had to pay above-average salaries to attract above-average executives," says Peter Chingos, a Peat Marwick compensation consultant. "Now compensation committees say, 'Forget about this pay-above-average business. We want to pay additional compensation only when performance exists.' "

Rightly so. For every *Thriller* album Michael Jackson sells, he gets $2 in royalties. No one should begrudge a chief executive similar rewards for a job well done. Better to spend more time worrying about how to measure management performance and less time shouting about an annual round of often misleading salary figures.

Who Gets The Most Pay

LAST YEAR entrepreneurial risk takers led the FORBES compensation rankings. Federal Express founder Fred Smith was at the top of the roster, with total earnings of $51.5 million. Charles Lazarus, the father of Toys "R" Us, was close behind, at $44 million.

In this year's rankings, corporate leaders are back on top—even though their incomes come nowhere near the level that stock-laden entrepreneurs can achieve. Thanks mainly to the economic recovery and a robust stock market, the heftiest pay packages show up in industries snapping back from hard times: automobiles, railroads, natural gas utilities.

As you scan the numbers, bear in mind that big compensation figures usually relate to bonuses and stock options for long-term performance. "I did indeed get $5.6 million in addition to my $480,000 salary," Thomas Murphy of Capital Cities Communications points out, "but that was over a nine-year period. During those years stockholders' shares went up in value over 800%."

Bear in mind, too, that the compensation figures in the following tables aren't the ones usually highlighted in company proxy statements. New Securities & Exchange Commission rules make reading the full text of the proxy mandatory if you want to find out what a chief executive earns. FORBES statisticians spent some 300 hours poring through this deadly prose to get these figures.

Take Arkla President Edward Sheffield Nelson. The cash compensation table in Arkla's proxy indicates that his 1983 salary was $342,000. Read through an additional six pages of legalese, however, and you will discover that Nelson also netted $3.6 million in stock appreciation rights.

Previously, proxies broke out cash payments—salary and bonus—from cash-equivalent compensation like securities, insurance benefits, perks and restricted stock grants. But now the tables include only cash income. The rest is described in footnotes or narrative. "You really have to dig to find the nitty-gritty," says Heidi Toppel of Wyatt Co., a compensation consulting firm.

Du Pont's Edward Jefferson, for instance, made $960,000 in cash compensation in 1983, according to the pay table in the firm's proxy. Two pages later, however, careful readers will discover that he also got a bonus of some 2,300 shares. Under the old rules the value of those shares, roughly $110,000, would have appeared in the table as cash-equivalent remuneration. This year the dollar value of the bonus shares isn't discussed at all.

What if you want to know the value of an executive's stock options? Until this year, both the gains realized when options were exercised and the potential value of options outstanding were outlined in table form in the proxy. But now only options granted or exercised during the year must be reported, and companies can choose to present that in different ways.

Although the SEC rules make analysis more difficult, we've broken down the compensation packages of 805 chief executives of Forbes 500s companies and present the information in a comparable, all-inclusive form. This year's survey also identifies each company's industry group and ranks every executive's pay against that of the competition.—**Anne McGrath**

What the numbers mean

Salary and bonus:
Salary and bonus, whether paid in cash or deferred, as well as directors' fees and commissions.

Other:
Payments made under long-term compensation plans, restricted stock awards vested or released from restrictions in 1983, thrift plan contributions and other benefits.

Stock gains:
Net value realized in shares or cash from the exercise of stock options and/or stock appreciation rights granted in prior years.

Rank in industry:
Each chief executive's total compensation is ranked relative to that of others in the industry group. Industry group codes follow company names and are identified on page 146.

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
162	Abbott Laboratories/15	Robert A. Schoellhorn/55	818	3	—	821	6 of 16	10	5	Technical
139	Advanced Micro Devices/17	W. J. Sanders III/47	579	299	—	878	6 of 17	15	15	Founder
221	Aetna Life & Cas/26	John H. Filer/59	690	29	—	719	6 of 27	25	11	Insurance
747	Affiliated Bshs Colo/ 4	Leo Hill/60	180	14	18	212	138 of 151	20	1	Administration
115	H F Ahmanson/54	[1]William H. Ahmanson/58	551	198	210	959	4 of 29	34	15	Administration
267	Air Prods & Chems/10	Edward Donley/62	637	12	—	649	11 of 24	41	10	Technical
87	Albertson's/51	Warren E. McCain/58	523	22	535	1,080	3 of 16	32	7	Operations
351	Alco Standard/34	Ray B. Mundt/55	544	14	—	558	26 of 30	14	4	Operations
348	Alexander & Baldwin/22	Robert J. Pfeiffer/64	529	30	—	559	4 of 8	24	4	Operations
211	Allegheny Intl/34	Robert J. Buckley/60	723	12	—	735	20 of 30	12	9	Operations

[1]Succeeded by Richard H. Deihl, 1/1/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000)				Rank in industry	Tenure		Business background
			salary and bonus	other	stock gains	total		with firm	as CEO	
666	Allegheny Power/59	Charles B. Finch/64	285	—	—	285	28 of 76	30	12	Legal
774	Allied Bancshares/ 4	Gerald H. Smith/53	176	8	—	184	144 of 151	25	12	Banking
115	Allied Corp/34	Edward L. Hennessy Jr/56	942	17	—	959	11 of 30	5	5	Finance
89	Allied Stores/49	Thomas M. Macioce/65	725	345	—	1,070[2]	4 of 10	24	12	Legal
419	Allis-Chalmers/28	[1]David C. Scott/68	416	74	—	490	10 of 14	15	15	Technical
639	ALLTEL/11	Weldon W. Case/63	299	—	—	299	15 of 17	23	23	Operations
346	Alcoa/32	Charles W. Parry/60	561	1	—	562	3 of 8	36	1	Administration
275	AMAX/32	Pierre Gousseland/62	615	23	—	638	1 of 8	35	7	Technical
419	Amdahl/ 7	John C. Lewis/48	490	—	—	490	13 of 23	6	1	Administration
447	Amerada Hess/37	Philip Kramer/63	440	22	—	462	17 of 23	15	2	Administration
43	American Brands/58	Edward W. Whittemore/61	1,022	30	561	1,613	2 of 5	37	3	Marketing
142	Amer Broadcasting/46	Leonard H. Goldenson/78	863	8	—	871	3 of 5	50	34	Legal
131	American Can/38	William S. Woodside/62	905	1	—	906	1 of 18	34	4	Operations
221	American Cyanamid/10	George J. Sella/55	628	—	91	719	10 of 24	29	1	Operations
555	American Elec Power/59	Willis S. White Jr/57	360	8	—	368	11 of 76	35	8	Technical
114	American Express/13	James D. Robinson III/48	902	—	59	961	1 of 5	13	7	Finance
431	American Fletcher/ 4	Frank E. McKinney Jr/45	472	5	—	477	45 of 151	16	11	Banking
240	American General/26	Harold S. Hook/52	685	—	—	685	8 of 27	13	5	Insurance
705	American Greetings/52	Irving I. Stone/75	250	—	—	250	16 of 18	60	24	Administration
75	American Home Prod/15	John W. Culligan/67	863	288	—	1,151	2 of 16	47	3	Marketing
249	Amer Hospital Supply/23	Karl D. Bays/50	630	45	—	675	7 of 10	25	13	Sales
219	American Intl Group/26	Maurice R. Greenberg/59	720	—	—	720	5 of 27	23	16	Insurance
106	Amer Medical Intl/23	Royce Diener/66	788	—	196	984	3 of 10	14	8	Finance
312	American Motors/ 3	Paul Tippett/51	360	—	231	591	8 of 9	5	2	Marketing
562	American Natl Ins/26	Orson C. Clay/53	360	—	—	360	21 of 27	13	6	Administration
209	Am Natural Resources/60	Arthur R. Seder Jr/64	604	133	—	737	4 of 21	24	7	Legal
596	American Petrofina/37	Paul D. Meek/53	317	17	—	334	23 of 23	28	1	Technical
766	Amer Savings & Loan/54	Morris N. Broad/49	194	—	—	194	26 of 29	27	19	Finance
160	American Security/ 4	W. Jarvis Moody/56	383	—	444	827	8 of 151	20	4	Banking
18	American Standard/ 5	William A. Marquard/64	759	57	1,730	2,546	1 of 17	31	12	Operations
359	American Stores/50	Lennie S. Skaggs/60	530	21	—	551[2]	6 of 15	39	18	Retailing
48	American Tel & Tel/11	Charles L. Brown/62	1,226	195	—	1,421	1 of 17	38	5	Operations
652	Amerifin/13	Franklin A. Cole/58	292	—	1	293	5 of 5	21	13	Legal
443	Ameritech/11	William L. Weiss/55	465*	—	—	465	9 of 17	32	1	Operations
698	AmeriTrust/ 4	Jerry V. Jarrett/52	244	15	—	259	128 of 151	10	1	Banking
460	Amfac/34	Myron Du Bain/61	450	—	—	450	29 of 30	1	1	Insurance
386	AMP/16	Walter F. Raab/60	344	179	—	523	7 of 9	31	2	Finance
98	AMR/ 2	Albert V. Casey/64	438	—	590	1,028	1 of 11	10	10	Finance
600	AmSouth Bancorp/ 4	John W. Woods/52	332	—	—	332	89 of 151	14	12	Banking
680	Analog Devices/17	Ray Stata/49	217	58	—	275	16 of 17	19	11	Founder
624	Anderson, Clayton/19	Thomas J. Barlow/61	308	4	—	312	16 of 17	38	17	Operations
105	Anheuser-Busch Cos/14	August A. Busch III/47	988	—	—	988	1 of 5	27	9	Operations
34	Apple Computer/ 7	John Sculley/45	1,830	6	—	1,836	3 of 23	1	1	Marketing
362	ARA Services/39	Joseph Neubauer/42	544	—	—	544	1 of 2	5	1	Finance
214	Archer Daniels Midland/19	Dwayne O. Andreas/66	729	5	—	734	8 of 17	13	13	Finance

*Annualized current salary

[1]Figures are for year ended 1-31-85

[2]Succeeded by Wendell F. Bueche, 1-1-84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
430	Arizona Bancwest/ 4	Donald B. Tostenrud/59	355	7	116	478	44 of 151	24	6	Finance
616	Arizona Public Service/59	Keith L. Turley/61	309	9	—	318	19 of 76	32	10	Administration
8	Arkla/60	Edward Sheffield Nelson/43	342	24	3,598	3,964	1 of 21	20	11	Legal
446	Armco/31	Harry Holiday Jr/60	454	9	—	463	2 of 6	35	5	Operations
654	Armstrong World Inds/ 5	Joseph L. Jones/61	292	—	—	292	16 of 17	36	1	Operations
368	ASARCO/32	Ralph L. Hennebach/64	536	—	—	536	4 of 8	43	2	Technical
477	Ashland Oil/37	John R. Hall/51	413	18	—	431	19 of 23	26	2	Technical
61	Associated Dry Goods/49	William P. Arnold/59	608	—	667	1,275	3 of 10	36	4	Retailing
565	Atlantic Bancorp/ 4	Billy J. Walker/53	267	—	92	359	79 of 151	35	8	Banking
734	Atlantic City Electric/59	John D. Feehan/54	220	6	—	226	46 of 76	31	11	Technical
152	Atlantic Richfield/37	William F. Kieschnick/61	825	29	—	854	12 of 23	37	2	Technical
279	Auto Data Processing/ 7	Josh S. Weston/55	325	29	272	626	8 of 23	13	1	Operations
289	Avco/13	Robert P. Bauman/53	610	—	—	610	3 of 5	2	2	Marketing
239	Avnet/17	Anthony R. Hamilton/59	687	—	—	687	8 of 17	27	3	Marketing
646	Avon Products/12	Hicks B. Waldron/60	295†	—	—	295	4 of 4	1	1	Marketing
556	Bacardi/14	Manuel L. del Valle/60	324	6	36	366	4 of 5	4	2	Technical
252	Baker International/35	Earnest H. Clark Jr/57	480	40	151	671	3 of 11	37	19	Technical
683	Baltimore Gas & Elec/59	Bernard C. Trueschler/61	265	9	—	274	31 of 76	36	4	Technical
416	Banc One/ 4	[4]John G. McCoy/71	494	—	—	494	41 of 151	47	25	Banking
82	BanCal Tri-State/ 4	Chauncey E. Schmidt/52	406	17	674	1,097	3 of 151	8	8	Banking
695	Banco Popular PR/ 4	Rafael Carrión Jr/69	217	45	—	262	125 of 151	51	27	Banking
652	BancOhio/ 4	Arthur D. Herrmann/57	293	—	—	293	108 of 151	3	3	Banking
701	BancOklahoma/ 4	Leonard J. Eaton/49	240	12	—	252	129 of 151	13	5	Banking
644	Bancorp Hawaii/ 4	Frank J. Manaut/60	285	12	—	297	105 of 151	33	3	Banking
658	BancTEXAS Group/ 4	Edward C. Nash Jr/42	290	—	—	290	112 of 151	13	5	Banking
442	Bank of Boston/ 4	William L. Brown/62	420	46	—	466	48 of 151	35	1	Banking
561	Bank of New England/ 4	Roderick M. MacDougall/58	361	—	—	361	78 of 151	10	5	Banking
211	Bank of New York/ 4	John Carter Bacot/51	672	63	—	735	15 of 151	24	2	Finance
728	Bank of Virginia/ 4	Frederick Deane Jr/57	215	19	—	234	133 of 151	30	10	Finance
278	BankAmerica/ 4	Samuel H. Armacost/45	629	—	—	629	22 of 151	22	3	Banking
111	Bankers Trust N Y/ 4	Alfred Brittain III/61	690	286	—	976	5 of 151	37	9	Banking
491	Barnett Banks Fla/ 4	Charles E. Rice/48	421	—	—	421	58 of 151	18	4	Banking
237	Baxter Travenol Labs/23	Vernon R. Loucks Jr/49	645	44	—	689	6 of 10	18	4	Marketing
615	BayBanks/ 4	William M. Crozier Jr/51	278	18	24	320	96 of 151	20	9	Banking
91	Beatrice Foods/20	James L. Dutt/59	1,058	—	—	1,058	3 of 10	37	4	Marketing
322	Becton, Dickinson/23	Wesley J. Howe/62	466	117	—	583	8 of 10	35	9	Administration
474	Bell Atlantic/11	Thomas E. Bolger/56	434*	—	—	434	11 of 17	40	1	Technical
720	BellSouth/11	[5]Wallace R. Bunn/61	241*	—	—	241	16 of 17	43	2	Administration
356	Beneficial Corp/13	Finn M. W. Caspersen/42	553	—	—	553	4 of 5	12	7	Legal
331	Bergen Brunswig/52	Emil P. Martini Jr/55	578	—	—	578	4 of 18	32	15	Technical
804	Berkshire Hathaway/26	Warren E. Buffett/53	100	—	—	100	27 of 27	19	14	Investment
522	Best Products/50	Sydney Lewis/64	386	11	—	397	10 of 15	27	7	Founder
497	Bethlehem Steel/31	Donald H. Trautlein/57	419	—	—	419	3 of 6	7	4	Finance
610	Big Three Industries/10	Harry K. Smith/72	318	9	—	327	23 of 24	58	20	Administration
541	Black & Decker/29	Laurence J. Farley/48	383	—	—	383	4 of 5	6	1	Finance

*Annualized current salary.
†CEO joined company in 1983, salary not annualized.
[4]Succeeded by John B. McCoy, 4-24-84.
[5]Succeeded by John L. Clendenin, 1-1-84.

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
668	Blue Bell/57	Edward J. Bauman/59	267	7	10	**284**	2 of 2	34	1	Technical
453	Boatmen's Bancshares/ 4	Donald N. Brandin/62	456	—	—	**456**	51 of 151	28	11	Banking
30	Boeing/ 1	Thorton A. Wilson/63	873	19	1,052	**1,944**	2 of 11	41	15	Technical
202	Boise Cascade/ 5	John B. Fery/54	564	40	143	**747**	6 of 17	27	11	Production
52	Borden/20	Eugene J. Sullivan/63	854	106	409	**1,369**	2 of 10	38	4	Sales
9	Borg-Warner/34	James F. Bere/61	677	—	3,235	**3,912**	1 of 30	23	12	Production
600	Boston Edison/59	Thomas J. Galligan Jr/64	332	—	—	**332**	18 of 76	30	13	Finance
96	Bristol-Myers/15	Richard L. Gelb/60	1,027	17	—	**1,044**	4 of 16	34	12	Administration
753	Broadview Financial/54	John E. Rupert/56	207	—	—	**207**	24 of 29	30	10	Administration
308	Brown-Forman Dist/14	W. L. Lyons Brown Jr/47	398	3	195	**596**	3 of 5	23	8	Marketing
28	Brown Group/55	Bernard A. Bridgewater Jr/50	579	—	1,386	**1,965**	1 of 4	5	2	Administration
109	Browning-Ferris Inds/ 9	Harry J. Phillips Sr/54	303	—	677	**980**	4 of 11	14	6	Founder
277	Brunswick/45	Jack F. Reichert/53	630	—	—	**630**	1 of 2	27	2	Marketing
270	Burlington Industries/56	William A. Klopman/62	537	109	—	**646**	1 of 4	38	7	Marketing
83	Burlington Northern/42	Richard M. Bressler/53	947	148	—	**1,095**	2 of 6	4	4	Finance
133	Burroughs/ 7	W. Michael Blumenthal/58	868	33	—	**901**	4 of 23	4	3	Administration
558	Cabot/10	Robert A. Charpie/58	363	—	—	**363**	21 of 24	15	15	Technical
188	CalFed/54	[6]Robert R. Dockson/66	773	—	—	**773**	5 of 29	15	10	Administration
745	California First Bank/ 4	Yasushi Sumiya/56	181	35	—	**216**	137 of 151	3	3	Banking
382	Campbell Soup/18	R. Gordon McGovern/57	525	—	—	**525**	3 of 6	28	3	Marketing
3	Capital Cities Comm/46	Thomas S. Murphy/59	480	69	5,603	**6,152**	1 of 5	29	17	Administration
285	Capital Holding/26	Thomas C. Simons/55	603	14	—	**617**	10 of 27	6	6	Insurance
100	Carnation/20	H. Everett Olson/77	450	111	453	**1,014**	4 of 10	52	16	Finance
625	Carolina Power & Light/59	Sherwood H. Smith Jr/49	298	13	—	**311**	21 of 76	18	4	Legal
247	Carter Hawley Hale/49	Philip M. Hawley/58	678	—	—	**678**	7 of 10	26	7	Retailing
636	Carteret Savings/54	Robert B. O'Brien Jr/49	300	—	—	**300**	13 of 29	9	9	Banking
517	Castle & Cooke/18	Ian R. Wilson/55	400*	—	—	**400**	5 of 6	1	1	Administration
279	Caterpillar Tractor/28	Lee L. Morgan/64	590	23	13	**626**	6 of 14	38	6	Marketing
128	CBS/46	Thomas H. Wyman/54	856	67	—	**923**	2 of 5	4	4	Marketing
627	CBT/ 4	Walter J. Connolly Jr/55	310	—	—	**310**	99 of 151	23	7	Banking
36	Celanese/10	John D. Macomber/56	687	6	1,109	**1,802**	1 of 24	11	6	Administration
354	Centel/11	Robert P. Reuss/66	457	—	98	**555**	6 of 17	11	11	Operations
636	Centerre Bancorp/ 4	Clarence C. Barksdale/52	300	—	—	**300**	103 of 151	25	6	Banking
591	Central & South West/59	Durwood Chalker/60	318	19	—	**337**	17 of 76	34	4	Technical
572	Central Bancorp/ 4	Oliver W. Birckhead/61	350	—	—	**350**	83 of 151	33	12	Banking
361	Central Bancshares/ 4	Harry B. Brock Jr/58	268	11	267	**546**	32 of 151	13	13	Founder
632	Central Fidelity Banks/ 4	Carroll L. Saine/50	290	13	—	**303**	101 of 151	27	3	Banking
785	Central Ill Pub Svc/59	Donald G. Raymer/59	162	2	—	**164**	68 of 76	36	3	Operations
802	Central Maine Power/59	[7]Charles E. Monty/57	121	4	—	**125**	76 of 76	13	1	Technical
513	Central Soya/19	Douglas G. Fleming/54	402	—	—	**402**	15 of 17	30	4	Sales
664	Centran/ 4	Wilson M. Brown Jr/57	286	—	—	**286**	115 of 151	5	3	Banking
535	CFS Continental/18	Robert H. Cohn/62	387	—	—	**387**	6 of 6	37	2	Operations
256	Champion International/ 5	Andrew C. Sigler/52	538	16	110	**664**	10 of 17	27	9	Sales
172	Charter/37	Raymond K. Mason/57	549	250	—	**799**	14 of 23	31	20	Founder
666	CharterCorp/ 4	Gordon E. Wells/56	266	6	13	**285**	116 of 151	32	7	Banking

*Annualized current salary

[6]Succeeded by George Rutland, 1-1-84

[7]Interim CEO; succeeded by John W. Rowe, 1-9-84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
161	Chase Manhattan/ 4	Willard C. Butcher/57	778	47	—	825	9 of 151	37	4	Banking
265	Chemical New York/ 4	Walter V. Shipley/48	525	126	—	651	20 of 151	27	1	Banking
185	Chesebrough-Pond's/12	Ralph E. Ward/63	486	290	—	776	3 of 4	37	16	Marketing
33	Chrysler/ 3	Lee A. Iacocca/59	475	—	1,383	1,858	2 of 9	5	4	Operations
450	Chubb/26	Henry U. Harder/59	457	—	—	457	18 of 27	35	3	Insurance
195	CIGNA/26	Robert D. Kilpatrick/60	690	71	—	761	2 of 27	2	2	Insurance
720	Cincinnati G & E/59	William H. Dickhoner/62	211	30	—	241	40 of 76	43	8	Technical
362	Cincinnati Milacron/29	James A. D. Geier/58	299	—	245	544	1 of 5	33	14	Technical
585	Citadel Holding/54	Spencer Scott/61	339	—	—	339	11 of 29	38	14	Administration
64	Citicorp/ 4	Walter B. Wriston/64	1,192	44	—	1,236	2 of 151	38	14	Banking
426	Citizens & Southern Ga/ 4	Bennett A. Brown/55	428	18	40	486	43 of 151	29	6	Banking
641	Citizens & Southern SC/ 4	Hugh M. Chapman/52	286	12	—	298	104 of 151	27	10	Banking
620	Citizens Fidelity/ 4	J. David Grissom/45	315	—	—	315	97 of 151	11	7	Legal
24	City Federal S & L/54	Gilbert G. Roessner/66	485	32	1,520	2,037	1 of 29	43	14	Banking
12	City Investing/34	George T. Scharffenberger/65	1,124	1,816	—	2,940	2 of 30	18	18	Operations
325	City National/ 4	Bram Goldsmith/61	581	—	—	581	26 of 151	9	9	Finance
658	Cleveland Elec Illum/59	Robert M. Guinn/60	275	15	—	290	27 of 76	35	5	Technical
305	Clorox/19	Calvin S. Hatch/63	465	94	39	598	14 of 17	12	3	Sales
325	Coastal Corp/36	Oscar S. Wyatt Jr/59	579	2	—	581	5 of 10	28	28	Founder
65	Coca-Cola/21	Roberto C. Goizueta/53	1,162	—	63	1,225	1 of 3	29	3	Technical
76	Colgate-Palmolive/19	[8]Keith Crane/63	1,148	—	—	1,148	2 of 17	47	5	Marketing
431	Colonial Penn Group/26	John J. MacWilliams/55	465	12	—	477	17 of 27	15	14	Founder
683	Colorado Natl Bnkshs/ 4	Bruce M. Rockwell/61	265	—	9	274	119 of 151	30	7	Banking
11	Colt Industries/28	[9]George A. Strichman/67	865	111	2,580	3,556	1 of 14	21	21	Administration
342	Columbia Gas System/60	W. Frederick Laird/64	533	33	—	566	8 of 21	32	3	Legal
54	Columbia S & L/54	Thomas Spiegel/37	1,360	—	—	1,360	2 of 29	8	8	Banking
470	Combined International/26	Patrick G. Ryan/47	396	43	—	439	19 of 27	20	1	Insurance
60	Combustion Engineering/28	[10]Arthur J. Santry Jr/65	796	—	483	1,279	2 of 14	28	21	Legal
499	Comerica/ 4	Donald R. Mandich/58	413	—	—	413	61 of 151	33	3	Banking
782	Commerce Bancshares/ 4	James M. Kemper Jr/62	168	—	—	168	146 of 151	37	17	Banking
732	Commerce Union/ 4	Edward G. Nelson/52	229	—	—	229	134 of 151	19	1	Banking
634	Commonwealth Edison/59	James J. O'Connor/47	301	—	—	301	22 of 76	20	4	Administration
469	Computervision/ 7	James R. Barrett/44	440	—	—	440	14 of 23	2	2	Technical
299	ConAgra/19	Charles M. Harper/56	589	13	—	602	12 of 17	9	8	Administration
393	Consolidated Edison/59	Arthur Hauspurg/59	374	145	—	519	1 of 76	15	2	Technical
85	Consolidated Foods/18	John H. Bryan Jr/47	801	291	—	1,092	1 of 6	24	9	Administration
17	Consol Freightways/22	Raymond F. O'Brien/62	587	82	1,918	2,587	1 of 8	26	7	Finance
386	Consol Natural Gas/60	George J. Tankersley/63	503	20	—	523	12 of 21	17	5	Operations
646	Consumers Power/59	John D. Selby/62	295	—	—	295	25 of 76	9	6	Technical
472	Continental Bancorp/ 4	Roy T. Peraino/56	283	31	122	436	54 of 151	26	14	Finance
605	Continental Corp/26	John P. Mascotte/45	330	—	—	330	22 of 27	3	2	Insurance
250	Continental Group/38	S. Bruce Smart Jr/61	635	39	—	674	3 of 18	31	3	Marketing
376	Continental Illinois/ 4	[11]Roger E. Anderson/62	515	15	—	530	37 of 151	37	11	Banking
279	Continental Telecom/11	James V. Napier/47	573	53	—	626	4 of 17	19	1	Finance
227	Control Data/ 7	William C. Norris/72	707	—	—	707	5 of 23	26	26	Founder

[8]Succeeded by Reuben Mark, 5/3/84
[9]Succeeded by David I. Margolis, 5/3/84
[10]Succeeded by Charles E. Hugel, 4/24/84
[11]Succeeded by David G. Taylor, 2/27/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	as CEO	Business background
783	Convergent Technologies/ 7	Allen H. Michels/43	165	—	—	165	22 of 23	4	3	Founder
494	Cooper Industries/28	Robert Cizik/53	420	—	—	420	12 of 14	22	9	Finance
584	Adolph Coors/14	William K. Coors/67	340	—	—	340	5 of 5	44	23	Technical
368	CoreStates Financial/ 4	G. Morris Dorrance Jr/61	446	—	90	536	35 of 151	32	15	Finance
438	Corning Glass Works/25	James R. Houghton/47	466	6	—	472	3 of 3	22	1	Administration
401	Cox Communications/46	William A. Schwartz/46	510	—	—	510	4 of 5	11	1	Administration
232	CPC International/19	James W. McKee Jr/61	524	—	168	692	10 of 17	37	11	Finance
632	Cray Research/ 7	John A. Rollwagen/43	289	14	—	303	20 of 23	8	3	Marketing
521	Crocker National/ 4	John B. M. Place/58	398	—	—	398	67 of 151	6	2	Banking
524	Crown Central Petrol/37	Henry A. Rosenberg Jr/54	382	13	—	395	21 of 23	31	13	Administration
743	Crown Cork & Seal/38	John F. Connelly/79	216	1	—	217	18 of 18	27	27	Sales
459	Crown Zellerbach/38	William T. Creson/54	446	6	—	452	14 of 18	7	2	Technical
120	CSX/42	Hays T. Watkins/58	485	—	468	953	3 of 6	35	2	Finance
634	Cullen/Frost Bankers/ 4	Thomas C. Frost/56	301	—	—	301	102 of 151	34	13	Banking
178	Cummins Engine/28	Henry B. Schacht/49	382	173	228	783	5 of 14	19	14	Administration
86	Dana/ 3	Gerald B. Mitchell/56	617	—	467	1,084	5 of 9	40	4	Administration
146	Dart & Kraft/20	John M. Richman/56	838	24	—	862	5 of 10	29	5	Legal
568	Data General/ 7	Edson D. deCastro/45	354	—	—	354	18 of 23	16	16	Founder
771	Dauphin Deposit/ 4	John D. Wickert/61	186	—	—	186	143 of 151	10	4	Banking
248	Dayton-Hudson/49	Kenneth A. Macke/45	676	—	—	676	8 of 10	23	1	Retailing
577	Dayton Power & Light/59	Robert E. Frazer/55	337	9	—	346	15 of 76	9	6	Finance
629	Deere/28	Robert A. Hanson/59	307	—	—	307	13 of 14	34	2	Marketing
763	Delmarva Power & Light/59	Nevius M. Curtis/54	197	—	—	197	59 of 76	5	2	Administration
488	Delta Air Lines/ 2	David C. Garrett Jr/61	420	3	—	423	6 of 11	37	6	Operations
592	Deluxe Check Printers/ 9	Eugene R. Olson/58	296	40	—	336	10 of 11	39	6	Marketing
768	Deposit Guaranty/ 4	[12]John P. Maloney/65	182	11	—	193	141 of 151	15	2	Banking
440	Detroit Edison/59	Walter J. McCarthy Jr/59	418	51	—	469	3 of 76	20	2	Operations
166	Diamond Shamrock/37	William H. Bricker/52	796	15	—	811	13 of 23	15	7	Marketing
263	Digital Equipment/ 7	Kenneth H. Olsen/58	655	—	—	655	7 of 23	26	26	Founder
619	Walt Disney/47	Ronald W. Miller/51	316	—	—	316	6 of 6	30	1	Production
683	Dominion Bankshares/ 4	Warner N. Dalhouse/50	267	—	7	274	120 of 151	27	2	Marketing
702	Dominion Resources/59	William W. Berry/52	251	—	—	251	33 of 76	26	1	Technical
95	Donaldson, Lufkin/27	Richard H. Jenrette/55	1,045	—	—	1,045	5 of 5	24	10	Founder
374	R R Donnelley & Sons/ 9	John B. Shwemm/50	518	14	—	532	8 of 11	19	1	Legal
714	Dorchester Gas/36	George S. Rooker/65	243	1	—	244	10 of 10	28	24	Investment
428	Dover/ 6	Gary L. Roubos/47	385	97	—	482	4 of 5	13	3	Operations
147	Dow Chemical/10	Paul F. Oreffice/56	642	4	213	859	6 of 24	31	6	Finance
208	Dow Jones/41	Warren H. Phillips/57	550	189	—	739	4 of 9	36	9	Journalism
702	Dresser Industries/35	John J. Murphy/52	251	—	—	251	11 of 11	31	1	Technical
107	E I du Pont/10	Edward G. Jefferson/62	960	23	—	983	3 of 24	33	3	Technical
641	Duke Power/59	William S. Lee/54	264	34	—	298	24 of 76	29	2	Technical
115	Dun & Bradstreet/ 9	Harrington Drake/64	875	84	—	959	5 of 11	36	9	Marketing
724	Duquesne Light/59	John M. Arthur/61	232	5	—	237	42 of 76	39	15	Operations
26	E-Systems/17	John W. Dixon/64	1,348	10	660	2,018	1 of 17	22	15	Administration
670	Eastern Air Lines/ 2	Frank Borman/56	282	—	—	282	9 of 11	14	8	Technical

[12]Succeeded by Emerson B. Robinson Jr., 1/1/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
549	Eastern Gas & Fuel/32	William J. Pruyn/61	367	8	—	375	8 of 8	32	6	Finance
217	Eastman Kodak/40	Colby H. Chandler/59	729	—	—	729	3 of 7	33	1	Technical
145	Eaton/ 3	E. Mandell de Windt/63	850	13	—	863	6 of 9	42	14	Operations
582	Jack Eckerd/50	Stewart Turley/49	333	8	—	341	13 of 15	17	9	Administration
74	EG&G/17	Dean W. Freed/61	552	—	600	1,152	5 of 17	13	1	Administration
757	El Paso Electric/59	Evern R. Wall/51	201	—	—	201	58 of 76	26	8	Technical
306	Electronic Data Syst/ 7	Morton H. Meyerson/46	597	—	—	597	9 of 23	18	5	Administration
125	Emerson Electric/16	Charles F. Knight/48	940	—	—	940	3 of 9	11	10	Administration
123	Emhart/34	T. Mitchell Ford/63	795	10	138	943	12 of 30	25	14	Legal
102	Engelhard/33	[13]Irving D. Isko/56	1,000	—	—	1,000	1 of 2	27	3	Legal
153	ENSERCH/60	William C. McCord/56	595	18	239	852	2 of 21	35	13	Technical
318	Entex/60	Jackson C. Hinds/62	308	24	253	585	7 of 21	15	12	Legal
716	Equimark/ 4	William E. Bierer/54	243	—	—	243	132 of 151	15	9	Banking
606	Equitable Bancorp/ 4	H. Grant Hathaway/56	289	12	28	329	91 of 151	29	2	Banking
42	Esmark/20	Donald P. Kelly/62	904	12	709	1,625	1 of 10	30	6	Finance
370	Ethyl/10	Floyd D. Gottwald Jr/61	515	19	—	534	13 of 24	41	14	Administration
37	Exxon/37	Clifton C. Garvin Jr/62	1,210	56	517	1,783	2 of 23	37	8	Technical
580	Farm & Home Savings/54	C. A. Duncan Jr/66	344	—	—	344	9 of 29	39	28	Banking
764	Farm House Foods/52	[14]Richard Y. Fisher/51	180	16	—	196	18 of 18	15	15	Founder
306	Farmers Group/26	Richard G. Lindsley/62	545	52	—	597	11 of 27	33	5	Insurance
788	Federal Co/20	R. Lee Taylor II/42	160	—	—	160	9 of 10	18	2	Administration
423	Federal Express/22	Frederick W. Smith/39	468	20	—	488	5 of 8	13	13	Founder
627	Fedl National Mortgage/43	David O. Maxwell/54	310	—	—	310	2 of 2	3	3	Legal
137	Federated Dept Strs/49	Howard Goldfeder/58	600	20	266	886	5 of 10	37	3	Retailing
181	Fidelcor/ 4	[15]Raymond J. Dempsey/49	471	308	—	779	10 of 151	5	5	Banking
622	Fidelity Union Bancorp/ 4	Peter Cartmell/63	314	—	—	314	98 of 151	38	3	Banking
67	Fin Corp of America/54	Charles W. Knapp/49	1,193	20	—	1,213	3 of 29	11	9	Finance
769	Fin Corp Santa Barbara/54	David L. Tilton/57	184	5	—	189	27 of 29	32	18	Finance
200	Firestone/53	John J. Nevin/57	748	—	—	748	3 of 4	4	3	Marketing
509	First Alabama Bshs/ 4	[16]Frank A. Plummer/72	375	30	—	405	63 of 151	19	13	Banking
335	First American/ 4	Kenneth L. Roberts/51	283	134	159	576	29 of 151	8	7	Banking
289	First Atlanta/ 4	Thomas R. Williams/55	448	48	114	610	23 of 151	11	7	Banking
367	First Bank System/ 4	George H. Dixon/63	519	18	—	537	34 of 151	7	2	Finance
16	First Boston/27	Peter T. Buchanan/49	1,500	1,168	—	2,668	1 of 5	28	1	Finance
122	First Chicago/ 4	Barry F. Sullivan/53	716	228	—	944	7 of 151	3	3	Banking
539	First City Bancorp/ 4	James A. Elkins Jr/65	384	—	—	384	72 of 151	42	21	Banking
654	First Commerce/ 4	Ian Arnof/44	199	—	93	292	111 of 151	5	1	Banking
792	First Empire State/ 4	Robert G. Wilmers/50	154	—	—	154	148 of 151	1	1	Banking
205	First Executive/26	Fred Carr/53	742	—	—	742	4 of 27	9	9	Finance
675	First Federal Michigan/54	James A. Aliber/58	277	—	—	277	16 of 29	27	7	Banking
805	First Florida Banks/ 4	A. Bronson Thayer/44	9[17]	—	—	9	151 of 151	2	1	Finance
600	First Hawaiian/ 4	John D. Bellinger/61	332	—	—	332	88 of 151	42	14	Founder
109	First Interstate Bancp/ 4	Joseph J. Pinola/59	820	—	160	980	4 of 151	8	6	Banking
613	First Kentucky Natl/ 4	A. Stevens Miles/54	234	89	—	323	94 of 151	30	9	Banking
533	First Maryland Bancorp/ 4	J. Owen Cole/55	356	32	—	388	70 of 151	27	10	Administration

[13]Succeeded by Orin R. Smith, 2/21/84
[14]Succeeded by Donald E. Runge, 4/26/84
[15]Succeeded by Harold W. Pote, 5/5/84
[16]Succeeded by Willard L. Hurley, 1/1/84
[17]Director's fees only

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000)				Rank in industry	Tenure		Business background
			alary and bonus	other	stock gains	total		with firm	as CEO	
777	First National Cinc/ 4	Oliver W. Waddell/54	174	6	—	180	145 of 151	27	1	Banking
537	First Natl State Bcp/ 4	Robert R. Ferguson Jr/60	376	10	—	386	71 of 151	34	11	Banking
606	First Natl Supermkts/51	Richard J. Bogomolny/49	324	5	—	329	13 of 16	11	9	Administration
592	First of America Bank/ 4	James H. Duncan/59	336	—	—	336	86 of 151	34	14	Banking
786	First Oklahoma Bancorp/ 4	Charles A. Vose Jr/40	128	10	25	163	147 of 151	19	3	Banking
709	First Pennsylvania/ 4	George A. Butler/56	247	—	—	247	131 of 151	34	4	Banking
709	First Security/ 4	Spencer F. Eccles/49	241	6	—	247	130 of 151	25	3	Banking
645	First Tennessee Natl/ 4	Ronald Terry/53	296	—	—	296	106 of 151	27	10	Banking
296	First Union/ 4	[18]C. Clifford Cameron/64	543	26	36	605	24 of 151	20	17	Banking
603	First Virginia Banks/ 4	Thomas K. Malone Jr/64	291	11	29	331	90 of 151	33	5	Banking
511	First Wisconsin/ 4	Hal C. Kuehl/61	290	—	113	403	64 of 151	36	6	Banking
269	Fischbach/ 6	Alfred R. Manville/67	647	—	—	647	2 of 5	12	4	Technical
224	Fleet Financial/ 4	J. Terrence Murray/44	406	30	277	713	16 of 151	21	2	Finance
308	Fleetwood Enterprises/45	John C. Crean/58	596	—	—	596	2 of 2	34	34	Founder
356	Fleming Cos/52	Richard D. Harrison/61	553	—	—	553	5 of 18	30	18	Legal
531	Flickinger/52	Jerry D. Metcalf/46	389	—	—	389	12 of 18	7	3	Operations
712	Florida Federal S&L/54	Raleigh W. Greene Jr/57	245	—	—	245	22 of 29	21	14	Legal
738	Florida National Banks/ 4	John D. Uible/48	224	—	—	224	136 of 151	2	1	Banking
649	Florida Power & Light/59	John J.Hudiburg/56	282	12	—	294	26 of 76	32	1	Technical
719	Florida Progress/59	Andrew H. Hines Jr/61	242	—	—	242	38 of 76	32	11	Technical
99	Fluor/ 6	J. Robert Fluor/62	1,020	—	—	1,020	1 of 5	38	16	Technical
177	FMC/28	Robert H. Malott/57	737	50	—	787	4 of 14	31	12	Operations
481	Food Lion/51	Ralph W. Ketner/63	400	30	—	430	12 of 16	26	26	Founder
1	Ford Motor/ 3	Philip Caldwell/64	1,421	—	5,892	7,313	1 of 9	31	4	Administration
333	Fort Howard Paper/38	Paul J. Schierl/49	422	30	125	577	8 of 18	20	9	Legal
761	Foster Wheeler/28	Louis E. Azzato/53	191	—	8	199	14 of 14	32	3	Technical
409	Freeport-McMoRan/10	Benno C. Schmidt/71	487	14	—	501	16 of 24	30	1	Legal
53	Fruehauf/ 3	Robert D. Rowan/62	581	—	786	1,367	4 of 9	28	10	Finance
39	Gannett/41	Allen H. Neuharth/60	1,138	—	583	1,721	1 of 9	21	11	Journalism
477	GATX/22	James J. Glasser/49	350	81	—	431	6 of 8	22	5	Legal
203	GEICO/26	John J. Byrne/51	386	360	—	746	3 of 27	8	8	Insurance
623	Gelco/ 9	N. Bud Grossman/63	313	—	—	313	11 of 11	27	27	Founder
447	[19]GenCorp/53	Michael G. O'Neil/62	462	—	—	462	4 of 4	38	24	Administration
423	General Cinema/47	Richard A. Smith/59	488	—	—	488	4 of 6	37	37	Administration
31	General Dynamics/ 1	David S. Lewis/66	987	15	899	1,901	3 of 11	13	13	Administration
13	General Electric/16	John F. Welch Jr/48	1,131	27	1,673	2,831	1 of 9	23	3	Technical
104	General Foods/19	James L. Ferguson/58	776	42	177	995	3 of 17	21	10	Marketing
45	General Instrument/17	Frank G. Hickey/56	847	18	655	1,520	3 of 17	19	9	Marketing
198	General Mills/19	H. Brewster Atwater Jr/53	724	31	—	755	7 of 17	26	3	Marketing
46	General Motors/ 3	Roger B. Smith/58	1,490	21	—	1,511	3 of 9	34	3	Finance
668	General Public Utils/59	William G. Kuhns/62	284	—	—	284	29 of 76	28	17	Finance
501	General Re/26	Frank W. Munson/56	335	75	—	410	20 of 27	30	1	Insurance
272	General Signal/40	[20]Nathan R. Owen/65	635	8	—	643	4 of 7	23	22	Technical
528	Genuine Parts/52	Wilton Looney/65	368	24	—	392	11 of 18	45	22	Operations
429	Georgia-Pacific/ 5	T. Marshall Hahn Jr/57	452	28	—	480	15 of 17	9	1	Technical

[18]Succeeded by Edward E. Crutchfield Jr., 4/24/84
[19]Formerly General Tire & Rubber.
[20]Succeeded by David T. Kimball, 4/19/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
170	Giant Food/51	Israel Cohen/71	802	—	—	802	4 of 16	48	6	Founder
678	Gibraltar Financial/54	Herbert J. Young/52	276	—	—	276	17 of 29	31	15	Administration
491	Gibraltar Savings/54	E. Michael Lallinger/68	421	—	—	421	7 of 29	28	20	Finance
166	Gillette/12	Colman M. Mockler Jr/54	511	—	300	811	2 of 4	26	9	Finance
687	Glendale Federal S&L/54	Raymond D. Edwards/65	265	8	—	273	19 of 29	38	19	Marketing
641	Golden West Financial/54	[21]Herbert M. Sandler/52	298	—	—	298	14 of 29	20	20	Founder
474	B F Goodrich/34	John D. Ong/50	420	14	—	434	30 of 30	23	4	Legal
188	Goodyear/53	Robert E. Mercer/60	765	—	8	773	2 of 4	37	1	Administration
254	Gould/16	William T. Ylvisaker/60	660	9	—	669	6 of 9	16	16	Administration
154	W R Grace/10	J. Peter Grace/71	769	82	—	851	7 of 24	47	38	Finance
491	W W Grainger/52	David W. Grainger/56	391	30	—	421	9 of 18	34	10	Administration
585	Great American Federal/54	Gordon C. Luce/58	339	—	—	339	10 of 29	15	15	Administration
83	Great Atl & Pac Tea/51	James Wood/54	893	202	—	1,095	2 of 16	4	4	Retailing
501	Great Northern Nekoosa/38	Robert Hellendale/66	395	—	15	410	17 of 18	30	5	Legal
346	Great Western Financial/54	James F. Montgomery/49	562	—	—	562	6 of 29	8	5	Finance
171	Greyhound/34	John W. Teets/50	734	—	67	801	18 of 30	20	2	Administration
449	Grumman/ 1	John C. Bierwirth/60	448	10	—	458	10 of 11	11	9	Finance
70	GTE/11	Theodore F. Brophy/61	961	226	—	1,187	2 of 17	26	8	Legal
760	Guarantee Finl Calif/54	Lewis S. Eaton/65	200	—	—	200	25 of 29	38	28	Banking
68	Gulf/37	James E. Lee/62	750	27	419	1,196	4 of 23	42	2	Operations
312	Gulf & Western Inds/34	Martin S. Davis/57	585	6	—	591	25 of 30	26	1	Marketing
568	Gulf States Utilities/59	Paul W. Murrill/49	308	6	40	354	13 of 76	6	2	Administration
488	Gulfstream Aerospace/ 1	Allen E. Paulson/62	423	—	—	423	11 of 11	32	32	Founder
294	Halliburton/35	Thomas H. Cruikshank/53	453	155	—	608	6 of 11	15	1	Legal
289	Hammermill Paper/38	Albert F. Duval/63	357	12	241	610	6 of 18	24	13	Marketing
484	Harris Bankcorp/ 4	[22]Charles M. Bliss/62	426	—	—	426	55 of 151	40	6	Banking
184	Harris Corp/17	Joseph A. Boyd/63	650	—	127	777	7 of 17	22	6	Technical
450	Hartford National/ 4	Robert L. Newell/61	350	76	31	457	50 of 151	38	8	Banking
203	G Heileman Brewing/14	Russell G. Cleary/51	569	13	164	746	2 of 5	24	13	Legal
101	H J Heinz/18	Anthony J. F. O'Reilly/48	675	190	145	1,010	2 of 6	15	4	Legal
156	Hercules/10	Alexander F. Giacco/64	764	73	—	837	9 of 24	42	6	Technical
223	Hershey Foods/21	[23]William E. C. Dearden/61	465	252	—	717	3 of 3	26	8	Sales
217	Hewlett-Packard/40	John A. Young/52	729	—	—	729	2 of 7	25	6	Technical
440	Hilton Hotels/24	Barron Hilton/56	469	—	—	469	5 of 5	29	18	Administration
40	Holiday Inns/24	Michael D. Rose/42	561	1,118	—	1,679	1 of 5	10	3	Operations
680	Home Federal S&L-Cal/54	Kim Fletcher/56	275	—	—	275	18 of 29	33	15	Finance
505	Homestake Mining/33	Harry M. Conger/53	409	—	—	409	2 of 2	8	5	Technical
232	Honeywell/ 7	Edson W. Spencer/58	692	—	—	692	6 of 23	29	9	Sales
614	Horizon Bancorp/ 4	William J. Shepherd/58	254	67	—	321	95 of 151	19	7	Sales
585	George A Hormel/20	Richard L. Knowlton/52	339	—	—	339	7 of 10	35	2	Marketing
50	Hospital Corp of Am/23	Dr. Thomas F. Frist Jr/46	270	377	757	1,404	1 of 10	15	1	Finance
124	Household Intl/13	Donald C. Clark/52	871	71	—	942	2 of 5	29	1	Finance
541	Houston Industries/59	Don D. Jordan/52	367	16	—	383	10 of 76	27	7	Legal
515	Houston Natural Gas/60	M. D. Matthews/60	401	—	—	401	16 of 21	20	2	Finance
553	Hughes Tool/35	James R. Lesch/62	370	—	—	370	10 of 11	37	4	Administration

[21]Office jointly held with Marion O. Sandler
[22]Succeeded by B. Kenneth West, 1/1/84
[23]Succeeded by Richard A. Zimmerman, 1/1/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
181	Humana/23	David A. Jones/52	721	58	—	779	5 of 10	22	22	Founder
435	Huntington Bancshares/ 4	Frank Wobst/50	422	15	39	476	47 of 151	9	3	Banking
44	E F Hutton Group/27	Robert Fomon/59	1,500	49	—	1,549	3 of 5	33	13	Investment
141	IC Industries/42	William B. Johnson/65	863	12	—	875	4 of 6	18	18	Legal
788	Idaho Power/59	James E. Bruce/64	151	9	—	160	70 of 76	32	7	Legal
734	Illinois Power/59	Wendell J. Kelley/58	225	1	—	226	47 of 76	34	17	Technical
617	Imperial Corp of Am/54	Matthew J. Shevlin/58	225	92	—	317	12 of 29	2	2	Finance
690	Indiana National/ 4	Thomas M. Miller/54	268	1	—	269	123 of 151	29	3	Banking
411	Ingersoll-Rand/28	Thomas A. Holmes/60	402	83	15	500	9 of 14	34	3	Operations
572	Inland Steel/31	Frank W. Luerssen/56	341	9	—	350	5 of 6	31	1	Technical
35	Integrated Resources/ 9	Selig A. Zises/42	1,826	—	—	1,826	2 of 11	16	16	Founder
417	Intel/17	Gordon E. Moore/55	493	—	—	493	11 of 17	15	9	Founder
517	Interco/55	Harvey Saligman/45	400	—	—	400	3 of 4	8	1	Technical
443	InterFirst/ 4	[24]Elvis L. Mason/50	465	—	—	465	49 of 151	10	3	Banking
794	Intergraph/ 7	James W. Meadlock/50	149	—	—	149	23 of 23	15	15	Founder
20	IBM/ 7	John R. Opel/59	989	—	1,391	2,380	2 of 23	34	3	Sales
431	Intl Flavors & Frag/10	Henry G. Walter Jr/73	477	—	—	477	18 of 24	21	21	Legal
404	Intl Harvester/28	Donald D. Lennox/65	508	—	—	508	8 of 14	4	2	Operations
413	Intl Minerals & Chem/10	George D. Kennedy/58	350	146	—	496	17 of 24	13	1	Administration
276	International Paper/38	Edwin A. Gee/64	637	—	—	637	4 of 18	6	4	Technical
382	InterNorth/60	Sam F. Segnar/56	506	19	—	525	11 of 21	23	4	Technical
764	Iowa-Illinois G & E/59	[25]Dean R. Stichnoth/58	186	10	—	196	60 of 76	33	7	Legal
755	IPALCO Enterprises/59	Zane G. Todd/60	203	—	—	203	56 of 76	32	8	Operations
195	Irving Bank/ 4	Gordon T. Wallis/64	761	—	—	761	12 of 151	43	13	Finance
47	ITT/34	Rand V. Araskog/52	1,023	—	454	1,477	4 of 30	17	4	Administration
79	IU International/34	John Gilray Christy/51	656	12	452	1,120	8 of 30	12	3	Operations
482	James River Corp Va/38	Brenton S. Halsey/57	422	5	—	427	16 of 18	15	15	Founder
283	Jefferson-Pilot/26	W. Roger Soles/63	560	—	60	620	9 of 27	37	16	Investment
340	Jewel Cos/51	Weston R. Christopherson/59	568	—	—	568	7 of 16	33	4	Retailing
370	Jim Walter/ 5	Joe B. Cordell/56	534	—	—	534	14 of 17	25	1	Finance
157	Johnson & Johnson/23	James E. Burke/59	835	—	—	835	4 of 10	31	7	Marketing
174	Johnson Controls/40	[26]Fred L. Brengel/61	716	—	75	791	1 of 7	36	17	Sales
59	K mart/50	Bernard M. Fauber/61	750	18	515	1,283	1 of 15	42	4	Retailing
381	Kaiser Alum & Chem/32	Cornell C. Maier/59	527	—	—	527	5 of 8	34	11	Operations
751	Kansas City Pwr & Lt/59	Arthur J. Doyle/61	208	1	—	209	55 of 76	11	4	Legal
796	Kansas Gas & Electric/59	Wilson K. Cadman/57	142	2	—	144	75 of 76	33	3	Administration
791	Kansas Power & Light/59	William E. Wall/56	155	—	—	155	72 of 76	9	8	Legal
190	Kellogg/19	William E. LaMothe/57	685	23	60	768	5 of 17	33	5	Marketing
762	Kemper/26	Joseph E. Luecke/57	198	—	—	198	26 of 27	32	5	Insurance
778	Kentucky Utilities/59	William B. Bechanan/58	169	9	—	178	65 of 76	35	5	Technical
592	Kerr-McGee/37	Frank A. McPherson/51	336	—	—	336	22 of 23	24	1	Technical
487	Key Banks/ 4	Victor J. Riley Jr/52	424	—	—	424	57 of 151	20	10	Finance
14	Kidde/34	Fred R. Sullivan/69	955	1	1,832	2,788	3 of 30	20	20	Finance
353	Kimberly-Clark/38	Darwin E. Smith/58	556	—	—	556	11 of 18	26	12	Legal
310	Knight-Ridder News/41	Alvah H. Chapman Jr/63	595	—	—	595	6 of 9	23	8	Operations

[24]Succeeded by Robert H. Stewart III, 4.18.84.
[25]Deceased, succeeded by Barry C. O'Brien, 3.27.84.
[26]Succeeded by William L. Rootham, 1.27.84.

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
693	Koppers/10	Charles R. Pullin/60	260	4	—	264	24 of 24	38	2	Administration
389	Kroger/51	Lyle Everingham/58	522	—	—	522	10 of 16	37	6	Retailing
180	Lear Siegler/34	Robert T. Campion/62	550	22	208	780	19 of 30	26	13	Finance
533	Leaseway Transportn/22	Gerald C. McDonough/55	384	4	—	388	8 of 8	4	1	Finance
159	Levi Strauss/57	[27]Robert T. Grohman/59	830	—	—	830	1 of 2	10	2	Administration
215	Libbey-Owens-Ford/ 5	Don T. McKone/62	427	1	305	733	8 of 17	35	5	Administration
696	Liberty National/ 4	John W. McLean/62	261	—	—	261	126 of 151	16	16	Banking
92	Eli Lilly/15	Richard D. Wood/57	696	183	171	1,050	3 of 16	34	11	Marketing
234	Limited/48	Leslie H. Wexner/46	691	—	—	691	2 of 3	20	20	Founder
541	Lincoln First Banks/ 4	[28]Alexander D. Hargrave/64	383	—	—	383	73 of 151	21	10	Legal
393	Lincoln National/26	Ian M. Rolland/51	519	—	—	519	15 of 27	27	7	Insurance
115	Litton Industries/34	Fred W. O'Green/63	936	23	—	959	10 of 30	21	2	Technical
224	Lockheed/ 1	Roy A. Anderson/63	698	15	—	713	8 of 11	27	6	Finance
284	Loews/58	Laurence A. Tisch/61	605	14	—	619	5 of 5	24	23	Finance
730	Long Island Lighting/59	[29]Charles R. Pierce/62	230	1	—	231	45 of 76	34	6	Legal
709	Longs Drug Stores/50	Robert M. Long/46	247	—	—	247	15 of 15	23	7	Retailing
315	Louisiana Land/35	[30]John G. Phillips/61	506	84	—	590	7 of 11	32	12	Finance
19	Louisiana-Pacific/ 5	Harry A. Merlo/59	602	778	1,133	2,513	2 of 17	34	10	Marketing
786	Louisville Gas & Elec/59	Robert L. Royer/56	156	7	—	163	69 of 76	35	5	Technical
450	Lowe's Companies/52	Leonard G. Herring/57	397	60	—	457	6 of 18	28	5	Finance
158	LTV/34	Raymond A. Hay/55	806	26	—	832	15 of 30	9	1	Administration
379	Lubrizol/10	Lester E. Coleman/53	515	14	—	529	14 of 24	29	6	Technical
382	Lucky Stores/51	S. Donley Ritchey/50	487	—	38	525	9 of 16	32	4	Operations
671	M/A-Com/17	Richard T. DiBona/51	250	31	—	281	15 of 17	26	2	Technical
303	Mack Trucks/ 3	[31]Alfred W. Pelletier/62	237	362	—	599	7 of 9	32	8	Administration
22	R H Macy/49	Edward S. Finkelstein/59	795	90	1,317	2,202	2 of 10	35	3	Retailing
455	Malone & Hyde/52	Joseph R. Hyde III/41	455	—	—	455	5 of 18	19	15	Administration
181	Manufacturers Hanover/ 4	John F. McGillicuddy/53	779	—	—	779	11 of 151	25	5	Legal
654	Manufacturers Natl/ 4	Dean E. Richardson/56	292	—	—	292	109 of 151	30	11	Banking
343	Manville/ 5	John A. McKinney/60	557	7	—	564	13 of 17	32	7	Legal
484	MAPCO/36	[32]Willis H. Thompson Jr/50	399	27	—	426	7 of 10	7	4	Operations
693	Marine/ 4	George R. Slater/60	264	—	—	264	124 of 151	8	6	Banking
372	Marine Midland Banks/ 4	John R. Petty/54	519	14	—	533	36 of 151	7	1	Banking
526	Marion Laboratories/15	Ewing M. Kauffman/67	392	2	—	394	15 of 16	32	32	Founder
273	Marriott/24	J. Willard Marriott Jr/52	642	—	—	642	2 of 5	28	11	Administration
149	Marsh & McLennan/ 9	John M. Regan Jr/63	611	245	—	856	6 of 11	38	11	Insurance
419	Marshall & Ilsley/ 4	John A. Puelicher/63	275	—	215	490	42 of 151	38	26	Banking
51	Martin Marietta/34	Thomas G. Pownall/62	805	—	584	1,389	5 of 30	21	2	Marketing
689	Maryland National/ 4	Alan P. Hoblitzell Jr/52	249	1	20	270	122 of 151	28	1	Banking
256	Masco/ 5	Richard A. Manoogian/47	664	—	—	664	11 of 17	26	16	Administration
199	May Dept Stores/49	David C. Farrell/50	750	—	—	750	6 of 10	28	4	Retailing
318	Maytag/25	Daniel J. Krumm/57	372	—	213	585	1 of 3	31	10	Marketing
376	MCA/47	Lew R. Wasserman/71	500	30	—	530	3 of 6	47	37	Sales
397	McDonald's/24	Fred L. Turner/51	470	45	—	515	3 of 5	28	10	Retailing
297	McDonnell Douglas/ 1	Sanford N. McDonnell/61	567	37	—	604	9 of 11	35	12	Technical

[27]Succeeded by Robert D. Haas, 2/27/84.
[28]Succeeded by William Balderston III, 1/5/84.
[29]Succeeded by William J. Catacosinos, 1/30/84.
[30]Succeeded by E. L. Williamson, 1/1/84.
[31]Succeeded by John J. Curcio, 1/1/84.
[32]Succeeded by James E. Barnes, 2/15/84.

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
151	McGraw-Edison/16	Edward J. Williams/61	424	431	—	855	4 of 9	12	11	Finance
328	McGraw-Hill/41	Joseph L. Dionne/50	445	46	89	580	7 of 9	18	1	Operations
271	MCI Communications/11	William G. McGowan/56	592	52	—	644	3 of 17	15	15	Founder
265	McKesson/52	[33]Thomas E. Drohan/56	585	33	33	651	3 of 18	22	6	Finance
337	Mead/38	Burnell R. Roberts/57	493	—	78	571	9 of 18	18	2	Finance
598	Medtronic '23	Dale R. Olseth/53	301	32	—	333	9 of 10	8	8	Administration
237	Mellon National/ 4	J. David Barnes/55	630	59	—	689	18 of 151	28	3	Banking
259	Melville/48	Francis C. Rooney Jr/62	661	—	—	661	3 of 3	31	20	Retailing
484	Mercantile Bancorp/ 4	Donald E. Lasater/58	410	16	—	426	56 of 151	25	13	Legal
209	Mercantile Bankshares/ 4	H. Furlong Baldwin/52	280	14	443	737	14 of 151	17	8	Banking
256	Mercantile Stores/49	Leon F. Winbigler/58	629	35	—	664	9 of 10	35	9	Retailing
274	Mercantile Texas/ 4	Gene H. Bishop/54	640	—	—	640	21 of 151	9	9	Banking
696	Merchants National/ 4	Otto N. Frenzel III/53	259	2	—	261	127 of 151	29	11	Banking
169	Merck/15	John J. Horan/63	804	—	—	804	7 of 16	32	8	Legal
565	Meridian Bancorp/ 4	Samuel A. McCullough/45	332	27	—	359	80 of 151	8	6	Banking
62	Merrill Lynch/27	Roger E. Birk/53	1,195	56	—	1,251	4 of 5	29	3	Finance
194	Mesa Petroleum/35	T. Boone Pickens Jr/56	475	289	—	764	2 of 11	27	27	Founder
134	MGM/UA Entertainment/47	Frank Rothman/56	898	—	—	898	2 of 6	2	2	Legal
576	MGM/UA Home Enter/47	Seymour Leslie/60	348	—	—	348	5 of 6	2	2	Administration
630	Michigan National/ 4	Stanford C. Stoddard/53	306	—	—	306	100 of 151	29	12	Banking
395	MidCon/60	Orval C. Davis/64	484	32	—	516	14 of 21	37	6	Technical
505	Middle South Utilities/59	Floyd W. Lewis/58	398	11	—	409	5 of 76	34	12	Legal
197	Midlantic Banks/ 4	Robert Van Buren/59	541	116	102	759	13 of 151	13	7	Banking
264	Minn Mining & Mfg/34	Lewis W. Lehr/63	653	—	—	653	23 of 30	37	5	Technical
739	Minnesota Power/59	Jack F. Rowe/57	206	17	—	223	49 of 76	33	5	Technical
457	Mitchell Energy & Dev/36	George P. Mitchell/65	448	6	—	454	6 of 10	38	25	Founder
38	Mobil/37	Rawleigh Warner Jr/63	1,252	431	56	1,739	3 of 23	30	14	Finance
603	Molex/17	John H. Krehbiel Jr/46	268	63	—	331	14 of 17	27	27	Administration
801	Monfort Of Colorado/20	Kenneth Monfort/55	127	—	—	127	10 of 10	34	4	Founder
267	Monsanto/10	Richard J. Mahoney/50	635	14	—	649	12 of 24	22	1	Marketing
795	Montana Power/59	W. Paul Schmechel/57	140	6	—	146	74 of 76	30	1	Operations
611	Moore Financial/ 4	[34]Thomas C. Frye/65	322	2	—	324	93 of 151	46	14	Banking
112	J P Morgan/ 4	Lewis T. Preston/57	820	75	80	975	6 of 151	32	4	Banking
439	Morrison-Knudsen/ 6	William H. McMurren/56	471	—	—	471	5 of 5	29	11	Operations
121	Morton Thiokol/10	Charles S. Locke/55	698	1	252	951	4 of 24	8	4	Operations
356	Motorola/17	Robert W. Galvin/61	550	3	—	553	9 of 17	44	24	Administration
734	Mountain Fuel Supply/60	R. D. Cash/41	208	18	—	226	20 of 21	7	2	Technical
477	Murphy Oil/37	[35]Charles H. Murphy Jr/64	415	16	—	431	20 of 23	34	34	Founder
69	Nabisco Brands/19	Robert M. Schaeberle/61	1,016	18	161	1,195	1 of 17	37	10	Finance
463	Nalco Chemical/10	Worley H. Clark Jr/52	425	21	—	446	19 of 24	24	2	Sales
769	Natl Bancshares Texas/ 4	Richard W. Calvert/52	189	—	—	189	142 of 151	21	1	Banking
339	National Can/38	Frank W. Considine/62	550	19	—	569	10 of 18	22	11	Sales
362	National City/ 4	Julien L. McCall/63	439	36	69	544	33 of 151	12	3	Banking
229	National Distillers/34	Drummond C. Bell/68	679	—	19	698	21 of 30	27	13	Finance
535	National Intergroup/31	Howard M. Love/54	387	—	—	387	4 of 6	28	4	Operations

[33]Deceased, succeeded by Neil E. Harlan, 2/9/84
[34]Succeeded by Fred C. Humphreys, 1/1/84
[35]Succeeded by Robert J. Sweeney, 2/1/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
80	Natl Medical Enterprises/23	Richard K. Eamer/56	916	188	—	1,104	2 of 10	15	15	Founder
726	Natl Semiconductor/17	Charles E. Sporck/56	219	17	—	236	17 of 17	17	17	Production
531	National Svc Inds/ 9	Erwin Zaban/62	389	—	—	389	9 of 11	47	11	Administration
329	NBD Bancorp/ 4	Charles T. Fisher III/54	553	26	—	579	28 of 151	25	2	Banking
494	NCNB/ 4	Hugh L. McColl Jr/48	413	7	—	420	59 of 151	24	1	Banking
186	NCR/ 8	Charles E. Exley Jr/54	774	—	—	774	1 of 3	7	1	Finance
558	New England Electric/59	Guy W. Nichols/58	363	—	—	363	12 of 76	36	12	Administration
781	N Y State Elec & Gas/59	Wells P. Allen Jr/63	167	5	—	172	67 of 76	35	1	Technical
127	New York Times/41	Arthur O. Sulzberger/58	600	180	150	930	2 of 9	30	21	Journalism
391	Newmont Mining/32	Plato Malozemoff/74	511	9	—	520	6 of 8	38	30	Administration
705	Niagara Mohawk Power/59	John G. Haehl Jr/61	249	1	—	250	34 of 76	22	11	Finance
303	NICOR/60	Clarence J. Gauthier/62	336	263	—	599	6 of 21	38	12	Technical
66	A C Nielsen/ 9	[36]Arthur C. Nielsen Jr/65	1,166	54	—	1,220	3 of 11	38	8	Marketing
743	Nike/55	Philip H. Knight/46	175	42	—	217	4 of 4	20	20	Founder
407	NL Industries/35	Theodore C. Rogers/50	425	78	—	503	9 of 11	4	2	Operations
318	Noble Affiliates/35	[37]Roy Butler/58	417	17	151	585	8 of 11	28	4	Operations
372	Norfolk Southern/42	Robert B. Claytor/62	520	13	—	533	6 of 6	32	2	Legal
467	Norstar Bancorp/ 4	Peter D. Kiernan/60	349	92	—	441	53 of 151	10	10	Insurance
240	North American Philips/16	Cees Bruynes/51	530	—	155	685	5 of 9	9	2	Marketing
803	Northeast Savings/54	Kent Dixon/46	111	—	—	111	29 of 29	23	1	Banking
700	Northeast Utilities/59	William B. Ellis/43	248	5	—	253	32 of 76	8	1	Technical
737	No Indiana Pub Svc/59	Edmund A. Schroer/56	225	—	—	225	48 of 76	7	7	Legal
499	Northern States Power/59	Donald W. McCarthy/62	406	7	—	413	4 of 76	35	7	Operations
552	Northern Trust/ 4	Philip W. K. Sweet Jr/56	371	—	—	371	76 of 151	30	3	Banking
63	Northrop/ 1	Thomas V. Jones/63	1,200	42	—	1,242	4 of 11	30	24	Administration
417	Northwest Airlines/ 2	M. Joseph Lapensky/65	450	—	43	493	4 of 11	39	5	Finance
255	Northwest Industries/34	Ben W. Heineman/70	625	42	—	667	22 of 30	28	28	Founder
598	Northwestern Financial/ 4	Ben T. Craig/51	322	11	—	333	87 of 151	6	6	Banking
467	Norton/29	Donald R. Melville/57	441	—	—	441	3 of 5	17	4	Marketing
498	Norwest/ 4	John W. Morrison/62	334	—	81	415	60 of 151	7	2	Administration
460	NYNEX/11	Delbert C. Staley/59	450*	—	—	450	10 of 17	38	1	Administration
143	Occidental Petroleum/36	Armand Hammer/86	841	26	—	867	2 of 10	26	26	Finance
78	Ogden/34	Ralph E. Ablon/68	1,125	—	—	1,125	7 of 30	29	22	Administration
716	Ohio Casualty/26	John G. Sloneker/62	236	7	—	243	25 of 27	36	5	Insurance
716	Ohio Edison/59	Justin T. Rogers Jr/54	243	—	—	243	37 of 76	25	4	Legal
724	Oklahoma Gas & Elec/59	James G. Harlow Jr/50	224	13	—	237	41 of 76	23	8	Finance
570	Old Kent Financial/ 4	John C. Canepa/53	270	—	83	353	82 of 151	14	2	Banking
646	Old Stone/ 4	Theodore W. Barnes/53	274	21	—	295	107 of 151	35	8	Banking
57	Olin/34	John M. Henske/61	637	—	674	1,311	6 of 30	14	6	Operations
186	Owens-Corning Fbrgls/ 5	William W. Boeschenstein/58	600	—	174	774	5 of 17	33	11	Marketing
228	Owens-Illinois/38	[38]Edwin D. Dodd/65	545	160	—	705	2 of 18	37	11	Production
348	PACCAR/28	Charles M. Pigott/55	559	—	—	559	7 of 14	28	16	Administration
507	Pacific Gas & Electric/59	Frederick W. Mielke Jr/63	384	22	--	406	6 of 76	33	5	Legal
293	Pacific Lighting/60	Paul A. Miller/59	590	19	—	609	5 of 21	35	15	Finance
530	Pacific Power & Light/59	Don C. Frisbee/60	390	—	—	390	8 of 76	30	12	Finance

*Annualized current salary.

[36]Succeeded by Henry Burk, 5/1/84.
[37]Succeeded by George J. McLeod, 6/1/84.
[38]Succeeded by Robert J. Lanigan, 1/1/84.

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
463	Pacific Resources/37	James F. Gary/63	446	—	—	446	18 of 23	17	17	Operations
631	Pacific Telesis Group/11	Donald E. Guinn/51	305*	—	—	305	14 of 17	24	1	Operations
27	Paine Webber/27	Donald B. Marron/49	2,013	—	—	2,013	2 of 5	25	4	Investment
435	Pan Am World Airways/ 2	C. Edward Acker/55	475	1	—	476	5 of 11	2	2	Administration
571	Panhandle Eastern/60	Robert D. Hunsucker/59	351	—	—	351	17 of 21	32	1	Finance
471	Parker-Hannifin/28	Patrick S. Parker/54	406	31	—	437	11 of 14	31	12	Administration
553	Payless Cashways/52	David Stanley/48	370	—	—	370	13 of 18	4	2	Legal
574	Pay'N Save/50	M. Lamont Bean/59	349	—	—	349	12 of 15	36	14	Retailing
287	Penn Central/35	Alfred W. Martinelli/56	604	12	—	616	4 of 11	24	2	Finance
465	J C Penney/49	William R. Howell/48	384	60	—	444	10 of 10	25	1	Retailing
749	Penn Power & Light/59	Robert K. Campbell/54	210	—	—	210	54 of 76	7	5	Technical
262	Pennzoil/37	J. Hugh Liedtke/62	600	58	—	658	16 of 23	28	21	Legal
753	Peoples Energy/60	Eugene A. Tracy/56	200	7	—	207	21 of 21	32	2	Finance
147	PepsiCo/21	Donald M. Kendall/63	859	—	—	859	2 of 3	37	21	Marketing
344	Perkin-Elmer/40	Robert H. Sorensen/63	361	—	202	563	5 of 7	24	6	Technical
288	Petrolane/35	John C. Wallace/57	412	2	198	612	5 of 11	33	1	Marketing
140	Pfizer/15	Edmund T. Pratt Jr/57	877	—	—	877	5 of 16	19	11	Finance
2	Phibro-Salomon/37	[39]David Tendler/46	2,080	30	4,711	6,821	1 of 23	24	3	Administration
678	Philadelphia Electric/59	James L. Everett/57	276	—	—	276	30 of 76	34	6	Technical
10	Philip Morris/58	George Weissman/64	1,075	40	2,604	3,719	1 of 5	32	5	Marketing
73	Phillips Petroleum/37	William C. Douce/64	801	367	—	1,168	5 of 23	42	5	Marketing
236	Pillsbury/19	William H. Spoor/61	666	24	—	690	11 of 17	34	11	Operations
509	Pioneer/60	C. David Culver/48	323	82	—	405	15 of 21	23	1	Operations
783	Pioneer Hi-Bred Intl/19	Thomas N. Urban/50	165	—	—	165	17 of 17	23	3	Administration
352	Pitney Bowes/ 8	George B. Harvey/53	557	—	—	557	3 of 3	27	1	Finance
333	Pittston/32	[40]Nicholas T. Camicia/68	460	117	—	577	2 of 8	15	14	Operations
325	PNC Financial/ 4	Merle E. Gilliand/62	550	31	—	581	27 of 151	31	14	Finance
4	Pneumo/51	Gerard S. Fulham/64	868	—	4,466	5,334	1 of 16	24	15	Finance
545	Polaroid/40	William J. McCune Jr/69	381	—	—	381	6 of 7	44	4	Technical
740	Portland Genl Elec/59	Robert H. Short/59	222	—	—	222	50 of 76	29	3	Finance
574	Potomac Elec Power/59	W. Reid Thompson/59	308	41	—	349	14 of 76	13	13	Legal
206	PPG Industries/ 5	L. Stanton Williams/64	566	175	—	741	7 of 17	38	5	Finance
702	Premier Industrial/ 3	Morton L. Mandel/63	250	1	—	251	9 of 9	44	44	Founder
749	Price Co/52	Robert E. Price/41	210	—	—	210	17 of 18	8	8	Founder
691	Primark/60	Robert W. Stewart/59	268	—	—	268	19 of 21	13	3	Marketing
562	Prime Computer/ 7	Joe M. Henson/50	360	—	—	360	17 of 23	2	2	Marketing
173	Procter & Gamble/19	John G. Smale/56	750	44	—	794	4 of 17	31	3	Administration
712	Provident Life & Acc/26	H. Carey Hanlin/59	245	—	—	245	24 of 27	35	5	Insurance
707	PSFS/54	M. Todd Cooke/64	248	1	—	249	21 of 29	18	5	Banking
748	Public Service Colo/59	Richard F. Walker/60	210	1	—	211	53 of 76	34	5	Technical
746	Public Service Ind/59	Hugh A. Barker/58	213	1	—	214	52 of 76	25	7	Finance
790	Public Service N H/59	Robert J. Harrison/52	157	—	—	157	71 of 76	27	1	Finance
538	Public Service N M/59	Jerry D. Geist/50	385	—	—	385	9 of 76	24	8	Technical
714	Pub Svc Elec & Gas/59	Harold W. Sonn/63	233	11	—	244	36 of 76	37	1	Administration
779	Puget Sound Pwr & Lt/59	John W. Ellis/55	172	5	—	177	66 of 76	14	8	Legal

*Annualized current salary

[39]Office jointly held with John H. Gutfreund

[40]Succeeded by Paul W. Douglas, 1/1/84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
192	Quaker Oats/19	William D. Smithburg/45	475	7	283	765	6 of 17	18	2	Marketing
431	Rainier Bancorp/ 4	G. Robert Truex Jr/60	477	—	—	477	46 of 151	10	10	Banking
299	Ralston Purina/19	William P. Stiritz/49	600	2	—	602	13 of 17	20	2	Marketing
636	Raychem/16	Paul M. Cook/60	300	—	—	300	8 of 9	27	27	Founder
192	Raytheon/ 1	Thomas L. Phillips/60	765	—	—	765	7 of 11	35	15	Technical
97	RCA/34	Thornton F. Bradshaw/66	1,014	18	—	1,032	9 of 30	3	2	Administration
757	Republic Airlines/ 2	Daniel F. May/54	201	—	—	201	11 of 11	27	2	Finance
379	Republic New York/ 4	Walter H. Weiner/53	529	—	—	529	38 of 151	4	4	Legal
606	Republic Steel/31	E. Bradley Jones/56	329	—	—	329	6 of 6	30	2	Sales
402	RepublicBank/ 4	James D. Berry/62	509	—	—	509	39 of 151	33	6	Banking
244	Revco D S/50	Sidney Dworkin/63	545	136	—	681	4 of 15	28	17	Founder
58	Revlon/12	Michel C. Bergerac/52	1,283	3	—	1,286	1 of 4	9	9	Administration
135	R J Reynolds Inds/58	J. Tylee Wilson/52	720	25	152	897	4 of 5	10	1	Sales
453	Reynolds Metals/32	David P. Reynolds/68	390	66	—	456	7 of 8	47	8	Marketing
477	Richardson-Vicks/15	John S. Scott/57	391	27	13	431	14 of 16	33	8	Marketing
411	Riggs National/ 4	Joe L. Allbritton/59	500	—	—	500	40 of 151	3	2	Finance
756	RIHT Financial/ 4	Henry S. Woodbridge Jr/55	197	5	—	202	140 of 151	29	9	Finance
462	Rite Aid/50	Alex Grass/56	447	—	—	447	8 of 15	31	21	Founder
207	Roadway Services/22	Charles F. Zodrow/61	740	—	—	740	2 of 8	24	2	Finance
539	A H Robins/15	E. Claiborne Robins Jr/40	378	6	—	384	16 of 16	15	6	Administration
771	Rochester Gas & Elec/59	Paul W. Briggs/61	183	3	—	186	62 of 76	38	3	Finance
94	Rockwell International/ 1	Robert Anderson/63	1,047	—	—	1,047	6 of 11	16	10	Technical
71	Rohm & Haas/10	Vincent L. Gregory Jr/60	649	117	414	1,180	2 of 24	34	13	Finance
494	ROLM/ 7	M. Kenneth Oshman/43	420	—	—	420	15 of 23	15	15	Founder
234	Ryder System/22	M. Anthony Burns/41	691	—	—	691	3 of 8	10	1	Finance
409	Safeco/26	Roland M. Trafton/64	318	34	149	501	16 of 27	31	5	Finance
310	Safeway Stores/51	Peter A. Magowan/42	571	24	—	595	6 of 16	16	4	Administration
340	St Paul Cos/26	[1]Carl B. Drake Jr/64	535	—	33	568	13 of 27	42	11	Insurance
414	St Regis Paper/38	William R. Haselton/59	465	30	—	495	13 of 18	31	5	Operations
639	San Diego Gas & Elec/59	Thomas A. Page/51	288	11	—	299	23 of 76	6	2	Technical
72	Sanders Associates/17	Jack L. Bowers/63	458	15	700	1,173	4 of 17	7	5	Technical
243	Santa Fe Southern/42	John J. Schmidt/56	681	2	—	683	5 of 6	28	1	Legal
200	Schering-Plough/15	Robert P. Luciano/50	590	28	130	748	10 of 16	5	2	Legal
548	SCM/10	Paul H. Elicker/61	372	6	—	378	20 of 24	27	12	Finance
427	SCOA Industries/50	Herbert H. Schiff/67	485	—	—	485	7 of 15	45	19	Retailing
285	Scott Paper/38	Philip E. Lippincott/48	615	—	2	617	5 of 18	25	2	Operations
49	G D Searle/15	Donald H. Rumsfeld/51	833	101	481	1,415	1 of 16	7	7	Administration
7	Sears, Roebuck/49	Edward R. Telling/65	1,425	30	2,796	4,251	1 of 10	38	6	Retailing
55	Security Pacific/ 4	Richard J. Flamson III/55	788	—	562	1,350	1 of 151	29	5	Banking
190	SEDCO/35	B. Gill Clements/42	423	345	—	768	1 of 11	15	5	Finance
474	Service Merchandise/50	Raymond Zimmerman/51	433	1	—	434	9 of 15	23	11	Founder
780	ServiceMaster Inds/23	C. William Pollard/46	175	—	—	175	10 of 10	7	1	Legal
617	Shared Medical Systems/ 7	R. James Macaleer/50	317	—	—	317	19 of 23	15	15	Founder
660	Shawmut/ 4	John P. LaWare/56	289	—	—	289	113 of 151	5	3	Banking
108	Shell Oil/37	John F. Bookout/61	950	32	—	982	8 of 23	33	8	Technical

[1]Succeeded by Robert J. Haugh, 5.1.84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
21	Sherwin-Williams/ 5	John G. Breen/49	730	—	1,569	2,299	3 of 17	5	5	Operations
164	Signal Cos/34	Forrest N. Shumway/57	775	38	—	813	16 of 30	27	16	Legal
376	Singer/34	Joseph B. Flavin/55	530	—	—	530	27 of 30	8	8	Finance
336	SmithKline Beckman/15	Henry Wendt III/50	503	25	44	572	12 of 16	29	2	Marketing
242	Society/ 4	Gordon E. Heffern/60	342	—	342	684	19 of 151	10	1	Banking
164	Sonat/60	[42]Henry C. Goodrich/64	675	138	—	813	3 of 21	4	3	Technical
766	So Carolina E & G/59	Virgil C. Summer/63	183	11	—	194	61 of 76	46	4	Operations
662	South Carolina Natl/ 4	James G. Lindley/52	277	11	—	288	114 of 151	5	3	Operations
675	Southeast Banking/ 4	Charles J. Zwick/57	277	—	—	277	118 of 151	15	4	Finance
395	Southern Calif Edison/59	William R. Gould/64	506	10	—	516	2 of 76	36	3	Technical
511	Southern Company/59	Edward L. Addison/54	403	—	—	403	7 of 76	30	1	Technical
723	So New England Tel/11	[43]Alfred W. Van Sinderen/59	230	9	—	239	17 of 17	36	16	Operations
261	Southland/51	John P. Thompson/58	630	29	—	659	5 of 16	35	23	Finance
501	Southland Royalty/36	Jon Brumley/45	369	41	—	410	8 of 10	17	10	Administration
445	Southmark/43	Gene E. Phillips/46	464	—	—	464	1 of 2	7	7	Administration
557	SouthTrust/ 4	Wallace D. Malone Jr/47	325	39	—	364	77 of 151	25	3	Banking
595	Southwest Airlines/ 2	Herbert D. Kelleher/53	335	—	—	335	7 of 11	17	2	Legal
609	Southwest Bancshares/ 4	John T. Cater/48	328	—	—	328	92 of 151	7	7	Banking
437	Southwestern Bell/11	Zane E. Barnes/62	475*	—	—	475	8 of 17	42	9	Operations
707	Southwestern Pub Svc/59	Berl M. Springer/63	245	4	—	249	35 of 76	37	3	Technical
567	Sovran Financial/ 4	Clifford A. Cutchins III/60	342	14	—	356	81 of 151	36	4	Banking
408	Sperry/ 7	Gerald G. Probst/60	463	39	—	502	12 of 23	22	2	Technical
680	Square D/16	Dalton L. Knauss/56	275	—	—	275	9 of 9	15	1	Technical
175	Squibb/15	Richard M. Furlaud/61	790	—	—	790	8 of 16	28	18	Legal
216	A E Staley Mfg/19	Donald E. Nordlund/62	507	—	225	732	9 of 17	28	11	Administration
128	Standard Oil Calif/37	George M. Keller/60	883	40	—	923	10 of 23	36	3	Technical
245	Standard Oil Indiana/37	Richard M. Morrow/58	648	32	—	680	15 of 23	35	1	Production
130	Standard Oil Ohio/37	Alton W. Whitehouse/56	788	34	95	917	11 of 23	15	6	Legal
405	Stanley Works/29	Donald W. Davis/63	507	—	—	507	2 of 5	36	18	Operations
515	State Street Boston/ 4	William S. Edgerly/57	401	—	—	401	65 of 151	8	8	Finance
577	Stauffer Chemical/10	H. Barclay Morley/55	340	6	—	346	22 of 24	21	10	Technical
301	Sterling Drug/15	Dr. W. Clarke Wescoe/64	600	—	—	600	11 of 16	14	10	Technical
551	J P Stevens/56	Whitney Stevens/57	374	—	—	374	4 of 4	36	4	Sales
406	Stop & Shop Cos/51	Avram J. Goldburg/54	500	4	—	504	11 of 16	26	5	Legal
562	Student Loan Marketing/39	Edward A. Fox/47	353	7	—	360	2 of 2	11	11	Finance
582	Suburban Bancorp/ 4	Robert F. Tardio/55	341	—	—	341	84 of 151	10	10	Finance
800	Sumitomo Bank Cal/ 4	Teruhisa Shimizu/51	119	12	—	131	150 of 151	29	1	Banking
590	Sun Banks/ 4	Joel R. Wells Jr/55	301	—	37	338	85 of 151	9	2	Finance
81	Sun Company/37	Theodore A. Burtis/62	818	1	281	1,100	7 of 23	17	5	Technical
89	Sundstrand/ 1	Evans W. Erikson/57	550	520	—	1,070	5 of 11	32	4	Technical
663	Super Food Services/52	Jack Twyman/50	287	—	—	287	14 of 18	14	12	Administration
524	Super Valu Stores/52	Michael W. Wright/45	394	1	—	395	10 of 18	7	2	Legal
259	Superior Oil/36	Frederic C. Ackman/53	635	26	—	661	3 of 10	3	2	Administration
354	Supermarkets General/51	Leonard Lieberman/55	468	16	71	555	8 of 16	20	1	Legal
501	Swift Independent/20	John [illegible]peland/60	404	6	—	410	6 of 10	36	3	Production

*Annualized current salary

[42]Succeeded by Ronald E. Kuehn, 6-1-84

[43]Succeeded by Walter H. Monteith Jr., 4-4-84

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
674	Sysco/52	John F. Woodhouse/53	272	6	—	278	15 of 18	14	1	Finance
322	Tandem Computers/ 7	James G. Treybig/43	178	—	405	583	10 of 23	9	9	Founder
742	Tandon/ 7	Sirjang Lal Tandon/42	218	—	—	218	21 of 23	9	9	Founder
231	Tandy/52	John V. Roach/45	614	80	—	694	2 of 18	16	2	Operations
720	TECO Energy/59	Hugh L. Culbreath/63	225	16	—	241	39 of 76	27	12	Finance
773	Tecumseh Products/ 5	Kenneth G. Herrick/63	185	—	—	185	17 of 17	43	13	Production
513	Tektronix/17	Earl Wantland/52	259	61	82	402	12 of 17	29	9	Administration
649	Tele-Communications/46	John C. Malone/43	280	14	—	294	5 of 5	11	11	Administration
149	Teledyne/34	Henry E. Singleton/67	850	6	—	856	14 of 30	23	23	Founder
549	Telerate/ 7	Neil S. Hirsch/36	375	—	—	375	16 of 23	15	15	Founder
397	Temple-Inland/38	Clifford J. Grum/49	515	—	—	515	12 of 18	15	1	Finance
166	Tenneco/34	James L. Ketelsen/53	690	121	—	811	17 of 30	25	5	Finance
691	Teradyne/40	Alexander V. d'Arbeloff/56	268	—	—	268	7 of 7	23	12	Founder
297	Tesoro Petroleum/36	Robert V. West Jr/63	604	—	—	604	4 of 10	28	19	Founder
77	Texaco/37	John K. McKinley/64	1,131	9	—	1,140	6 of 23	43	3	Technical
671	Texas Air/ 2	Francisco A. Lorenzo/44	281	—	—	281	10 of 11	12	4	Finance
528	Texas American Bshs/ 4	Lewis H. Bond/62	254	138	—	392	69 of 151	32	21	Banking
224	Texas Commerce Bshs/ 4	Ben F. Love/59	706	7	—	713	15 of 151	17	11	Finance
366	Texas Eastern/60	I. David Bufkin/62	523	19	—	542	9 of 21	35	4	Technical
517	Texas Instruments/17	[44]Mark Shepherd Jr/61	400	—	—	400	13 of 17	36	15	Technical
29	Texas Oil & Gas/36	Forrest E. Hoglund/50	450	—	1,511	1,961	1 of 10	6	1	Operations
625	Texas Utilities/59	Perry G. Brittain/59	298	13	—	311	20 of 76	11	1	Technical
391	Textron/34	Robert P. Straetz/62	479	41	—	520	28 of 30	38	4	Sales
507	Third National/ 4	Charles J. Kane/64	380	26	—	406	62 of 151	9	8	Banking
523	Thrifty Corp/50	Leonard H. Straus/69	382	14	—	396	11 of 15	38	27	Legal
301	TIE/Communications/11	Thomas L. Kelly Jr/48	600	—	—	600	5 of 17	13	13	Founder
490	Tiger International/22	Wayne M. Hoffman/61	422	—	—	422	7 of 8	16	13	Legal
179	Time Inc/41	J. Richard Munro/53	720	62	—	782	3 of 9	26	3	Operations
250	Times Mirror/41	Robert F. Erburu/53	674	—	—	674	5 of 9	22	3	Legal
798	Timken/29	William R. Timken Jr/45	136	2	—	138	5 of 5	21	9	Operations
741	Toledo Edison/59	John P. Williamson/62	195	26	—	221	51 of 76	32	11	Finance
683	Toledo Trustcorp/ 4	George W. Haigh/52	237	—	37	274	121 of 151	8	8	Banking
344	Torchmark/26	Frank P. Samford Jr/63	563	—	—	563	14 of 27	36	17	Legal
585	Tosco/36	Matthew J. Talbot/47	339	—	—	339	9 of 10	16	1	Finance
25	Toys R Us/52	Charles Lazarus/60	1,887	135	—	2,022	1 of 18	28	28	Founder
253	Trans World/ 9	L. Edwin Smart/60	511	159	—	670	7 of 11	17	7	Legal
611	Trans World Airlines/ 2	Carl E. Meyer Jr/55	278	—	46	324	8 of 11	16	5	Finance
132	Transamerica/34	James R. Harvey/49	600	6	298	904	13 of 30	19	3	Finance
386	Transco Energy/60	William J. Bowen/62	523	—	—	523	13 of 21	9	9	Operations
649	TRANSOHIO Financial/54	Warner B. Bishop/65	274	20	—	294	15 of 29	21	21	Administration
230	Travelers/26	Edward H. Budd/51	595	—	100	695	7 of 27	28	3	Insurance
402	Tribune/41	Stanton R. Cook/58	489	20	—	509	9 of 9	33	12	Technical
517	Trust Co of Georgia/ 4	Robert Strickland/57	312	88	—	400	66 of 151	35	7	Banking
15	TRW/ 7	Ruben F. Mettler/60	740	22	1,947	2,709	1 of 23	29	6	Technical
729	Tucson Electric Power/59	Theodore M. Welp/50	211	21	—	232	44 of 76	10	8	Finance

[44]Succeeded by J. Fred Bucy, 4/1984

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	as CEO	Business background
317	Turner Construction/ 6	Walter B. Shaw/64	463	—	125	588	3 of 5	43	7	Operations
331	UAL/ 2	Richard J. Ferris/48	391	—	187	578	3 of 11	12	5	Administration
466	Union Camp/38	Peter J. McLaughlin/55	432	10	—	442	15 of 18	38	3	Finance
154	Union Carbide/10	Warren M. Anderson/62	838	13	—	851	8 of 24	39	2	Legal
579	Union Electric/59	Charles J. Dougherty/65	345	—	—	345	16 of 76	42	16	Legal
797	Union National/ 4	George F. Kesel/51	128	11	—	139	149 of 151	23	2	Banking
6	Union Pacific/42	William S. Cook/61	905	14	3,396	4,315	1 of 6	15	1	Finance
126	Uniroyal/53	Joseph P. Flannery/52	430	21	483	934	1 of 4	25	4	Marketing
673	United Banks of Colo/ 4	N. Berne Hart/54	256	18	6	280	117 of 151	30	5	Banking
473	United Brands/18	Seymour Milstein/63	435*	—	—	435	4 of 6	9	7	Operations
374	Utd Energy Resources/60	J. Hugh Roff Jr/52	532	—	—	532	10 of 21	10	10	Legal
699	United Financial Group/54	C. E. Bentley/62	172	82	—	254	20 of 29	39	3	Banking
793	United Illuminating/59	John D. Fassett/58	150	—	—	150	73 of 76	10	8	Legal
527	United Jersey Banks/ 4	T. Joseph Semrod/47	391	2	—	393	68 of 151	3	3	Banking
654	United Missouri Bshs/ 4	R. Crosby Kemper/57	292	—	—	292	110 of 151	34	14	Banking
458	U S Bancorp/ 4	John A. Elorriaga/60	275	19	159	453	52 of 151	33	9	Banking
102	United States Gypsum/ 5	Edward W. Duffy/65	575	425	—	1,000	4 of 17	43	1	Sales
56	United States Shoe/55	Philip G. Barach/54	595	—	741	1,336	2 of 4	23	16	Administration
295	United States Steel/31	David M. Roderick/60	606	—	—	606	1 of 6	25	5	Finance
88	U S Tobacco/58	Louis F. Bantle/55	965	21	88	1,074	3 of 5	21	11	Marketing
359	U S Trust/ 4	Daniel P. Davison/59	415	136	—	551	31 of 151	5	3	Banking
546	U S WEST/11	Jack A. MacAllister/56	380*	—	—	380	12 of 17	34	1	Finance
23	United Technologies/ 1	Harry J. Gray/64	1,191	255	746	2,192	1 of 11	12	11	Administration
362	United Telecom/11	Paul H. Henson/58	530	—	14	544	7 of 17	25	17	Technical
544	United Virginia Bshs/ 4	Joseph A. Jennings/63	350	32	—	382	74 of 151	46	7	Banking
112	Unocal/37	Fred L. Hartley/67	952	23	—	975	9 of 23	45	19	Technical
422	Upjohn/15	Ray T. Parfet Jr/61	480	9	—	489	13 of 16	36	22	Finance
312	USAir Group/ 2	Edwin I. Colodny/57	508	—	83	591	2 of 11	26	8	Legal
338	USF&G/26	Jack Moseley/52	570	—	—	570	12 of 27	30	4	Insurance
163	USLIFE/26	Gordon E. Crosby Jr/63	525	293	—	818	1 of 27	25	18	Marketing
775	Utah Power & Light/59	Harry Blundell/59	171	11	—	182	63 of 76	34	5	Finance
581	Valero Energy/60	William E. Greehey/47	309	33	—	342	18 of 21	20	10	Finance
799	Valley Fed Sav & Loan/54	Robert E. Gibson/55	133	—	—	133	28 of 29	28	7	Banking
733	Valley National/ 4	Howard C. McCrady/52	213	15	—	228	135 of 151	9	1	Finance
32	Varian Associates/17	Thomas D. Sege/58	549	36	1,289	1,874	2 of 17	21	2	Technical
289	VF/56	Lawrence R. Pugh/47	510	100	—	610	2 of 4	4	2	Marketing
318	Vulcan Materials/ 5	W. Houston Blount/62	428	157	—	585	12 of 17	29	5	Operations
348	Wachovia/ 4	John G. Medlin Jr/50	438	33	88	559	30 of 151	24	7	Banking
660	Wal-Mart Stores/50	Sam M. Walton/66	283	6	—	289	14 of 15	38	38	Founder
620	Waldbaum/51	Ira Waldbaum/53	315	—	—	315	14 of 16	37	35	Administration
246	Walgreen/50	Charles R. Walgreen III/48	455	224	—	679	5 of 15	31	13	Operations
397	Wang Laboratories/ 7	An Wang/64	515	—	—	515	11 of 23	32	32	Founder
119	Warner Communications/47	Steven J. Ross/56	350	605	—	955	1 of 6	22	22	Finance
176	Warner-Lambert/15	Ward S. Hagan/63	777	12	—	789	9 of 16	14	6	Marketing
731	Washington Mutual Sav/54	Louis H. Pepper/59	225	5	—	230	23 of 29	2	2	Legal

*Annualized current salary

Who Gets The Most Pay

Rank	Company/industry group	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure with firm	Tenure as CEO	Business background
675	Washington National/26	Stanley P. Hutchison/60	271	6	—	277	23 of 27	36	8	Legal
389	Washington Post/41	Katharine Graham/66	514	8	—	522	8 of 9	21	11	Administration
775	Washington Water Power/59	Wendell J. Satre/65	176	6	—	182	64 of 76	44	9	Operations
5	Waste Management/ 9	Dean L. Buntrock/52	499	50	4,766	5,315	1 of 11	27	15	Founder
664	Weis Markets/51	Sigfried Weis/68	286	—	—	286	15 of 16	45	24	Retailing
315	Wells Fargo/ 4	Carl E. Reichardt Jr/52	590	—	—	590	25 of 151	14	1	Banking
425	Wendy's International/24	Robert L. Barney/47	480	7	—	487	4 of 5	13	4	Administration
455	West Point-Pepperell/56	Joseph L. Lanier Jr/52	455	—	—	455	3 of 4	26	8	Operations
560	Western Savings & Loan/54	Gary H. Driggs/49	362	—	—	362	8 of 29	22	8	Banking
585	Western Union/11	Robert M. Flanagan/54	309	3	27	339	13 of 17	10	5	Finance
41	Westinghouse Elec/16	Douglas D. Danforth/61	735	12	886	1,633	2 of 9	29	1	Production
324	Westvaco/38	David L. Luke III/60	555	27	—	582	7 of 18	32	20	Finance
482	Wetterau/52	Ted C. Wetterau/56	403	24	—	427	8 of 18	32	13	Marketing
219	Weyerhaeuser/ 5	George H. Weyerhaeuser/57	720	—	—	720	9 of 17	34	18	Production
400	Whirlpool/25	Jack D. Sparks/61	513	—	—	513	2 of 3	43	2	Marketing
136	White Consolidated/28	Roy H. Holdt/63	565	72	250	887	3 of 14	42	7	Finance
546	Whitney Holding/ 4	Patrick A. Delaney/51	350	30	—	380	75 of 151	30	7	Banking
282	Whittaker/34	Joseph F. Alibrandi/55	508	113	—	621	24 of 30	14	9	Administration
138	Wickes Cos/48	Sanford C. Sigoloff/53	880	—	—	880	1 of 3	2	2	Operations
143	Williams Cos/10	Joseph H. Williams/51	672	—	195	867	5 of 24	25	5	Operations
596	Wilson Foods/20	Kenneth J. Griggy/50	324	10	—	334	8 of 10	8	8	Marketing
688	Winn-Dixie Stores/51	A. Dano Davis/39	254	18	—	272	16 of 16	16	1	Retailing
727	Wisconsin Elec Pwr/59	Charles S. McNeer/58	235	—	—	235	43 of 76	33	8	Technical
757	Wisconsin Pwr & Lt/59	James R. Underkofler/60	201	—	—	201	57 of 76	42	15	Finance
385	Witco Chemical/10	William Wishnick/59	426	—	98	524	15 of 24	42	12	Administration
211	F W Woolworth/50	John W. Lynn/63	640	—	95	735	3 of 15	42	1	Operations
329	Xerox/ 8	David T. Kearns/53	579	—	—	579	2 of 3	12	2	Sales
92	Zayre/50	Maurice Segall/55	1,050	—	—	1,050	2 of 15	6	6	Retailing
414	Zenith Radio/17	Jerry K. Pearlman/45	350	14	131	495	10 of 17	12	1	Finance
752	Zions Utah Bancorp/ 4	Roy W. Simmons/68	153	55	—	208	139 of 151	30	18	Banking

Industry group codes

These numbers correspond with the industry group codes that follow company names in the second column of the table. Column eight ranks each individual's compensation within that industry group.

1 Aerospace
2 Airlines
3 Automotive
4 Banking
5 Building materials
6 Heavy construction
7 Data processing
8 Office equipment
9 Business services
10 Chemicals
11 Communications
12 Cosmetics
13 Credit
14 Alcoholic beverages
15 Drugs
16 Electrical equipment
17 Electronics
18 Food processing
19 Food products
20 Meat and dairy products
21 Candy and soft drinks
22 Trucking and air freight
23 Medical equipment, services
24 Lodging and restaurants
25 Appliances—furnishings
26 Insurance
27 Securities
28 Heavy machinery
29 Light machinery
31 Iron and steel
32 Coal, nonferrous metals
33 Rare metals
34 Multi-industry companies
35 Oil services
36 Oil production
37 Oil refining, marketing
38 Paper and packaging
39 Personal services
40 Precision instruments
41 Publishing
42 Railroads
43 Real estate investments
45 Mobile homes—recreation
46 Broadcasting
47 Movies and sports
48 Specialty retail
49 Department stores
50 Drugs and discount retail
51 Supermarkets
52 Distribution
53 Rubber and plastics
54 Thrift institutions
55 Footwear
56 Textiles
57 Apparel
58 Tobacco
59 Electric utilities
60 Natural gas utilities

Most people are as complacent today about oil prices staying low as they once were certain prices would go straight up. They could be wrong again. Here's why.

The crash of 1984?

By Subrata N. Chakravarty

FOR MONTHS now, Iraq has been threatening to block Iran's oil exports through the Persian Gulf. Iran says it would react by closing the Gulf to everybody's oil shipments. No way, majority opinion has it: Iran couldn't close the Gulf, and even if it could, the U.S. would quickly force it open. If not, at worst, the world could easily ride out any mini-crisis with oil from other sources, including government stockpiles.

That's the consensus. But as the war between Iran and Iraq drags on, some knowledgeable industry and government officials are becoming much less sanguine. One of them is James E. Akins, former U.S. ambassador to Saudi Arabia. "I'm responsible for some of the complacency," Akins says. "But I've changed my mind somewhat, recently."

Iraq's situation is becoming increasingly desperate. With only 14 million people against Iran's 43 million, Iraq cannot forever fight a war of attrition. Only the billions in aid and military hardware given Iraq by Arab nations and the Soviet Union have kept the country afloat this long. Iraq could hurt Iran badly by choking off its oil exports, worth over $20 billion a year, and drawing the U.S. into the war. By attacking tankers carrying Iranian oil, and perhaps Iran's oil terminal at Kharg Island, Iraq could achieve the first purpose. If Iran then carried out its threat to close the Gulf to all oil exports in retaliation, the second purpose would be achieved as well, since the U.S. is pledged to keep the Gulf open by force if necessary. The U.S. has little to choose from between Iran's bloodstained mullahs and Iraq's almost equally repressive dictatorship, but such an action might force the U.S. to choose sides.

In fact, Iran would not have to block the Gulf physically to get the desired result. For example, by attacking other nations' shipping, as it has recently begun to do, Iran could make the danger of entry too high. War-risk insurance rates have increased tenfold since last fall and, according to Akins, the Japanese, who are the most heavily dependent on Persian Gulf oil, have already stopped sending their tankers into the Gulf and are relying on third-country tankers instead. Iran might also try to attack Saudi Arabia's mammoth oil complex at Ras Tanura by air, or Kuwait by land, in an attempt to take the war to Iraq's principal bankers.

The big question is this: Could a true oil crisis develop if the Gulf were closed for a long time?

"We are as vulnerable today as we were in 1973-74," says Larry Goldstein of the Petroleum Industry Research Foundation. During the first quarter of 1984 some 9.8 million barrels of oil were shipped through the Persian Gulf each day. That is more than 20% of the free world's production of 43 million barrels. A gap of that magnitude would be almost three times the gap in 1973-74 or 1979-80. Only 3.25 million barrels could be replaced with increased production from outside the Gulf *(see table)*. Why so little? Because most of the glut is found in those Gulf countries whose exports would be blocked. Outside the Gulf the largest production overcapacity is found in Iran's irrational ally, Libya, which might choose not to increase production. Saudi Arabia could pump an additional 1 million barrels a day through its pipeline to Yanbu on the Red Sea and the U.S. Strategic Petroleum Reserve (SPR) could supply 1.5 million barrels a day. The rest of the losses—over 4 million barrels a day—would have to be made up by a fleet of Saudi tankers outside the Gulf and the government stockpiles of Europe and Japan. That would, however, still leave a large shortfall after the first two weeks.

And then, consider demand. In the U.S., Europe and Japan, according to First Boston's William Randol, demand has begun to rise again after 16 quarters of large declines. It is also rising in the Third World. At the same time, observes Philip Verleger Jr., a former senior adviser at the Treasury, private oil stocks have dropped to their lowest point since 1975 and 1 billion barrels below the level at the time the Iran-Iraq war began.

Thus, in any crisis, businessmen and consumers would rush to top off their storage and gasoline tanks. "Panic will create chaos right away, and the primary system will be drained overnight," says Larry Goldstein. The result: a sudden sharp rise in oil and other prices and the beginning of another global economic tailspin. As an indicator, James Akins cites a U.S. war game that assumed a Persian Gulf shutdown. The oil price rose to $98 a barrel, vs. $29 today.

War games don't necessarily reflect reality, but Verleger thinks $50 a barrel is quite possible.

So a quarrel between two vicious, petty tyrants, Ruhollah Khomeini and Saddam Hussein, threatens world economic stability. Only the naive would say that an energy crisis can't occur. ■

Crisis math

If the Persian Gulf were closed, the world would lose 9.8 million barrels of crude oil a day. How much could be made up? And from where?

Source	Million bbl/day
Algeria	0.20
Indonesia	0.25
Libya	1.00
Nigeria	0.80
Venezuela	0.80
Mexico	0.20
Saudi pipeline	1.00
U.S. Strategic Reserve	1.50
Total	5.75

Other sources	Million bbl
Saudi floating storage	55
Japan and Europe	175

Sources: International Energy Agency, CIA, Petroleum Industry Research Foundation, Drexel Burnham Lambert, Inc., Petroleum Intelligence Weekly

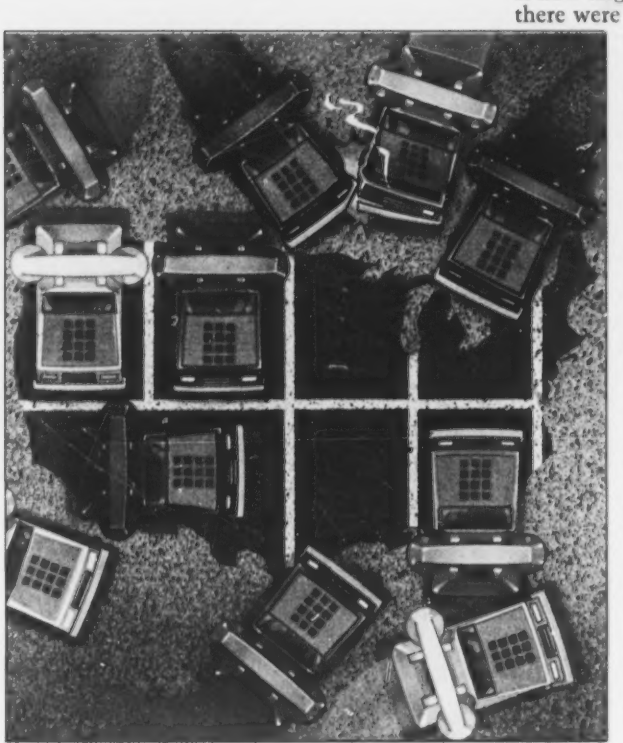
The opening of the cellular radiotelephone market has created a rush to invest, but the payoff, like cable television's, will be slow.

Wrong numbers?

By Kevin McManus

INDIANAPOLIS Telephone Co. only went into business in February, but it has already fired its president. ITC Managing Partner Lee Perkinson won't say why, but it may have to do with ITC's performance. Perkinson also won't discuss rumors that fewer than 350 subscribers have signed for the mobile radiotelephone service that Indianapolis Telephone offers, far fewer than ITC had projected.

Yet cellular radiotelephone service, which the company operates, is supposed to be one of the hottest businesses in communications. "Cellular" refers to the division of a radiotelephone service area into small territories called cells, each with its own low-power radio station connected to the telephone switching system. Dividing the service area this way greatly reduces busy signals by permitting multiple use of the same radio frequencies. This increases the message volume beyond conventional radiotelephony, which is limited to 44 channels in a service area. As a motorist drives out of one cell, his call is handed to the adjoining cell. His car's radiotelephone may be acquired through the radiotelephone operating company or through one of its agents.



Greg Couch

In Chicago, in contrast to Indianapolis, cellular service has caught on. Ameritech Mobile Communications has signed more than 7,500 customers for its cellular service, the nation's first. Ameritech's field test of cellular phone service became an established business eight months ago. The company is already adding capacity.

Do we look to Chicago, then, to gauge the strength of the much-touted cellular business? Or to Indianapolis? The uncertainty affects all the companies listed in the accompanying table. They are betting heavily on cellular radio because the technology, in giving travelers the ease of calling that they enjoy at home and in the office, could make car telephones a common consumer service. The business has attracted such entrants as Metromedia, Motorola, the seven regional Bell companies and, as the table shows, many others.

But the future of cellular is to be found neither in Chicago nor Indianapolis. Or so says Martin Cooper, an engineer regarded by many as one of the brightest in cellular technology. Cooper was head of research and development at Motorola until last September, when he left to become a consultant. The Chicago market trial, he says, was an "extraordinary event," involving expenditures of more than $100 million, mainly by Motorola and AT&T's Bell Laboratories. Publicity about the test helped create a long list of customers when Ameritech began offering regular service last October, but the pent-up demand, Cooper says, is now largely satisfied. "At the peak there were over 500 units a week going into that system," says Cooper. "I hear it's now less than 100 a month." Ameritech won't say what the present rate is, calling it "irrelevant."

Indianapolis, by contrast, had little unsatisfied demand. Existing mobile telephone service seems adequate. Despite the technological superiority of cellular service *(see* FORBES, *Apr. 23)*, it will take hold slowly in Indianapolis and, Cooper believes, in most other cities in the nation's 30 large markets for radiotelephony. There will be few, if any, fast payoffs, even though new systems eventually may become profitable. "If any operator doesn't make money," says Cooper, "it will be because he didn't pursue the business aggressively. The market is there and is going to grow. But cellular sales have to be worked for. The market has to be educated."

Educating the market now largely consists of sending this message to top executives: "You would be a lot more productive if you could spend your driving time making phone calls." The theory is that, once the boss has used a car phone, he will see how much more work his subordinates could accomplish if they had phones. As cellular operators do win business and professional customers, more equipment makers will enter the market, too. Competition probably will drive the price of the car telephone down from the current $2,000 minimum. In time, perhaps

At the starting gate

The companies below have significant stakes in cellular telephony. Investment amounts are the firms' own conservative estimates. When more than one company is listed as having a majority interest in the same city, it means that those firms' subsidiaries are partners in a joint venture. For some systems operators, activities may appear understated here, since licenses have yet to be definitively granted in many markets, including Los Angeles.

Company	Investment (millions)	Activities
American Cellular Telephone Fort Myers Fla	$12	50% interest in Milwaukee; minority in Indianapolis; 10 applications pending
Ameritech Chicago	70 (by end of '84)	Majority interests in Chicago, Milwaukee, Detroit, Cincinnati
Bell Atlantic Basking Ridge NJ	42	Majority interests in Philadelphia, Baltimore-Washington, Pittsburgh, elsewhere; will resell service outside territory
BellSouth Atlanta	25	Majority interests in Miami-Fort Lauderdale area, Atlanta, New Orleans and others
Communications Industries Dallas	5	50% interest in Atlanta; minority in St. Louis; 10 applications pending
Continental Telecom Atlanta	27 (by end of '84)	Minority interests in Washington and Minneapolis; 12 applications pending
Graphic Scanning Teaneck NJ	10	50% interest in Boston and Milwaukee, minority interests in many others; 73 applications pending
GTE Stamford Conn	45	Majority interests in Tampa, Honolulu and many others; many minority interests
LIN Broadcasting New York	3	Majority interests in Philadelphia, Dallas-Fort Worth; minority in New York, Houston; 7 applications pending
McCaw Communications Bellevue Wash	NA	Minority interests in Seattle, Portland; 24 applications pending
MCI Washington DC	42	Majority interests in Minneapolis-St. Paul, Pittsburgh and Denver; minority in Cleveland; 48 applications pending
Metromedia Secaucus NJ	300	Majority interests in Chicago and Washington; many minority interests; 53 applications pending
Metro Mobile CTS New York	5	Applications pending in 64 markets
Millicom New York	10	50 applications pending
Mobile Communications Corp of America Jackson Miss	6	Minority interest in Indianapolis; 15 applications pending; will resell service outside territory
Nynex New York	30	Majority interests in New York, Buffalo, Boston; will resell service
Pacific Telesis San Francisco	20	Majority interests in Los Angeles, San Diego, Sacramento, elsewhere; hopes to resell service
Paging Network Dallas	NA	Minority interests in San Francisco-San Jose area, New York, Syracuse, elsewhere; applications pending in 52 markets
Southwestern Bell St Louis	30 (by end of '84)	Majority interests in Dallas-Fort Worth, Kansas City, St. Louis; will resell service outside territory
US WEST Denver	40	Majority interests in Denver, Phoenix, Minneapolis-St. Paul, Seattle, elsewhere; will resell service outside territory
Washington Post Washington DC	5	Minority interests in Washington-Baltimore, Detroit systems; 11 applications pending
Western Union Upper Saddle River NJ	10	Minority interests in Indianapolis, Buffalo, Detroit, Cleveland, Cincinnati; applications pending in 66 markets

NA: Not available

three years or so, the market will extend beyond business and professionals to general consumers, and systems operators will begin to cash in big.

That is what is supposed to happen; however, the premise may be flawed. If fewer executives than expected are persuaded that the car telephone is worthwhile, the business will remain a select, expensive service. Meanwhile, if businessmen can't justify the telephones, how can household consumers? Especially since charges, now averaging $150 a month per telephone, aren't expected to fall.

Operating companies, having spent heavily to build their systems (Indianapolis Telephone Co.'s cost around $7 million), will have to keep servicing their construction debts and operating the systems to satisfy the Federal Communications Commission no matter how few subscribers are using them. Obviously, then, the parent companies of cellular operators must make a serious commitment to the business in its early years.

This is especially true of Metromedia, which spent an estimated $300 million buying up paging ("beeping") companies that had filed FCC applications to provide cellular service. Chairman John Kluge, now attempting to buy control of Metromedia with borrowed money (*see* FORBES, *Apr 23*), is counting heavily on future cellular earnings to make the deal pay. Metromedia has applied, in joint ventures with various combinations of partners, for permission to operate nonwireline systems in over 50 of the 90 markets. Metromedia also has a big stake in Cellular One, the Baltimore-Washington nonwireline operator that has been in business since December 1983.

Cellular systems are expected to operate in nearly all the top 30 markets by the end of 1984. Mobile-phone equipment makers, meanwhile, may reach the climactic stage of their battle for market share in 1985. Only four—Motorola, OKI, NEC and Panasonic—are now manufacturing or importing phones on a large scale. But by early next year others, including General Electric, Harris Corp. and Western Union's E.F. Johnson subsidiary, will hit the market with phones. The result, says cellular consultant Herschel Shosteck, will be tremendous price-cutting. "Many of these companies will be able to stick," says Shosteck, "because they're committed to this business. Whether or not they make any money is a different question." Cellular radio, like cable television, may be a growth industry whose time will be very slow to come. ■

Massachusetts raised $65 million by forgiving taxpayers' sins. Since politicians love a quick fix, the idea is catching on. Too bad.

Good amnesty or poor enforcement?

By Jill Andresky

ON A BLUSTERY DAY early this year 20,000 people—taxi drivers and accountants, housewives, lawyers and ministers—filed into a drab, concrete office building in downtown Boston to confess their sins to the state tax commissioner.

When the state's tax amnesty drew to a close at midnight, the collection had swelled to $40 million. Eventually, as money trickled in from last-minute promises, it swelled to $65 million. "One man grabbed my hand and told me he had made his peace with God, now it was time for him to make peace with the Massachusetts Department of Revenue," recalls Commissioner Ira Jackson.

What's going on here? Simple. During a three-month period that ended Jan. 17, Massachusetts promised to waive penalties for tax cheats: No civil or criminal sanctions—which could range as high as $500,000 for corporations or $100,000 and five years in jail for individuals—would be levied, only an interest charge added to overdue bills. Jackson also brandished a stick. "We let everyone know that as of Jan. 18 it would be no more Mr. Nice Guy," he explains. "People were motivated out of fear, guilt and gratitude, in that order."

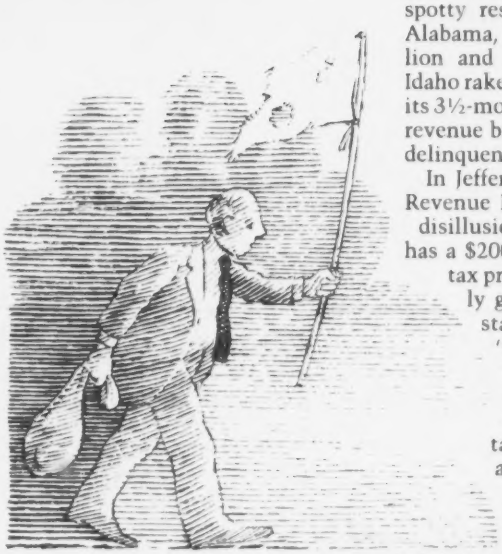
Just days after Massachusetts reported its results, revenue-hungry congressmen in Washington began clamoring for a similar program on a national level. If Massachusetts, with less than 6 million residents, could raise $65 million, then surely the IRS could pull in billions of dollars. "There are probably millions of citizens who would take advantage of the opportunity to settle their accounts with the federal government," House Speaker Thomas P. (Tip) O'Neill proclaimed, "thereby increasing federal revenues and clearing their consciences at the same time."

Largely because of Massachusetts' success and O'Neill's high-level support, the House Ways & Means Committee is now studying federal tax amnesty. Other states are considering similar programs. But, sadly, there is still no such thing as a free lunch—even for the government.

Massachusetts isn't the first state to offer tax amnesty, and its apparent good fortune with the program is misleading. Variations on the theme have been tried in six other states, with spotty results at best. Arizona and Alabama, for example, raised $6 million and $2.9 million respectively. Idaho raked in a mere $300,000 during its 3½-month program. Nice one-shot revenue boosts, but only a fraction of delinquent taxes.

In Jefferson City, Mo., Director of Revenue Richard King is profoundly disillusioned. Missouri, he explains, has a $200 million-a-year delinquent tax problem, which might actually get worse as a result of the state's recent amnesty effort. "If I had it to do over again, I wouldn't," King explains. "We raised $853,000, a drop in the bucket, and we tarnished our image as tough and efficient tax enforcers."

The problem is clear. People pay taxes largely because they perceive rev-



Chas. B. Slackman

Passing the buck

These seven states have tried amnesty programs. Massachusetts excepted, results are hardly impressive.

State	Date	Participants	Collections (thousands)
Alabama	1/20/84 to 4/1/84	1,000 individuals 125 businesses	$2,900
Arizona	11/22/82 to 1/20/83	12,600 individuals 300 businesses	6,000
Idaho	5/20/83 to 9/1/83	900 individuals	300
Illinois	12/28/81 to 1/8/82	407 individuals	90
Massachusetts	10/17/83 to 1/17/84	28,000 individuals 19,000 businesses	65,000
Missouri	9/1/83 to 10/31/83	219 individuals 22 businesses	853
North Dakota	9/1/83 to 11/30/83	173 individuals 12 businesses	120 150

enue collectors as vicious ogres without souls. Turning the taxman into a forgiving figure may impede long-term effectiveness.

"What happens to your general enforcement program while you're granting amnesty?" asks Robert Matson, Arthur Young's assistant national director for state and local tax services. "What about the honest taxpayer who always bends over backwards to pay his taxes? You're just killing off any chance of getting his continued cooperation."

Amnesty advocates claim that by making forgiveness a one-time proposition, governments can keep compliance from eroding. But there is an analogy to child-rearing here: When you let a bad kid get away without punishment once, how do you ever convince him again that you mean what you say?

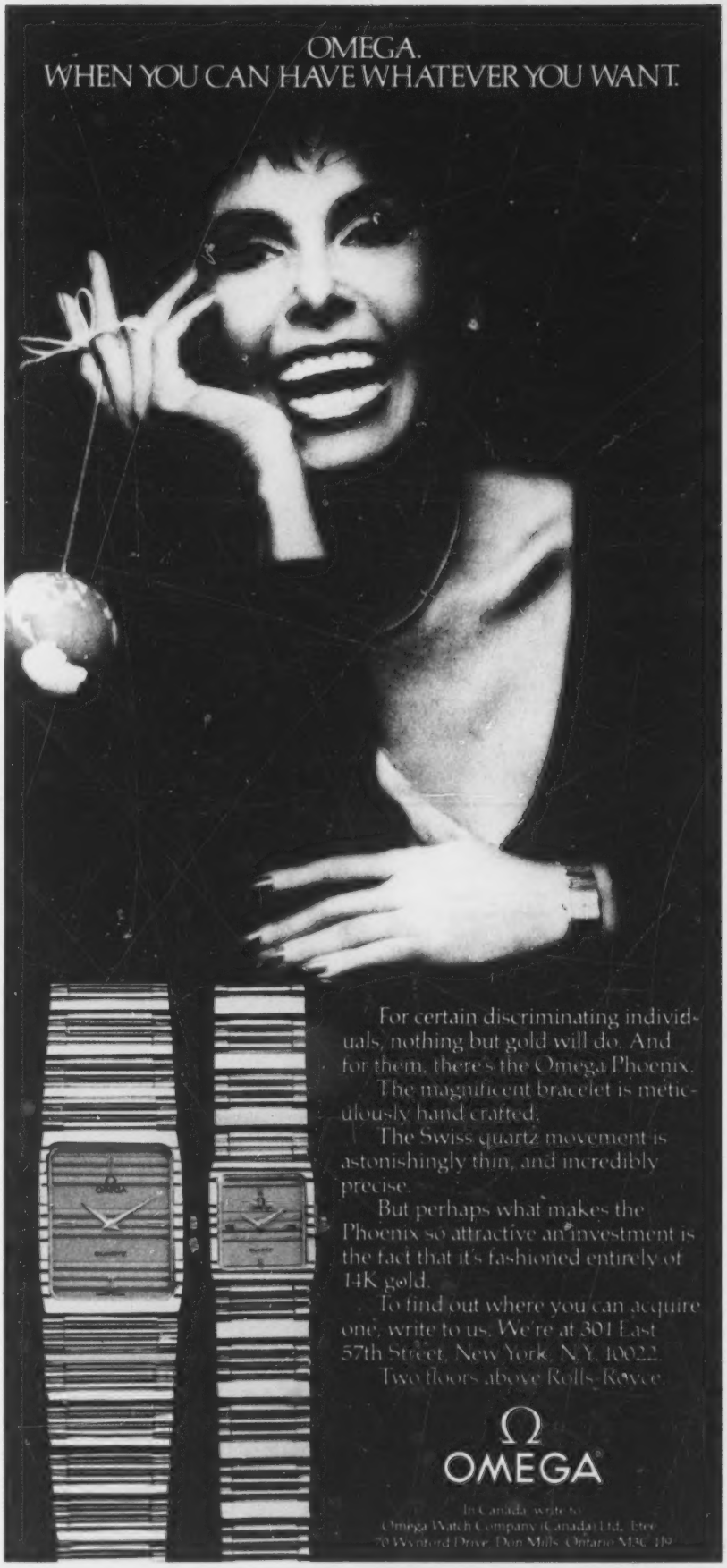
Still, politicians are suckers for fiscal Band-Aids, even if they merely mask long-term problems. In Illinois, where a two-week amnesty succeeded in raising only $90,000 in 1982, legislators are currently debating a follow-up program, this one to last 90 days.

Before voting they should study the Massachusetts example closely. Prior to 1983 the Bay State's state-tax enforcement efforts were spotty, on both the collection and audit sides. "We very seldom saw a state income tax examiner in any of our clients' offices," recalls Anthony Cerce, a partner at Ernst & Whinney's Boston office.

When Jackson took over, however, he set up a tough, highly visible enforcement policy, which was based largely on a new law that made tax evasion a felony rather than a misdemeanor. "There was a strong public awareness, suddenly, that the state was not going to be as soft as it had been in the past," says Cerce. No wonder that when 400,000 amnesty brochures went out, 47,000 taxpayers took the hint.

But that's a far cry from the situation elsewhere. Relative to Massachusetts in the years before 1983, for example, the federal government does a good job of chasing down tax evaders. Right now the IRS still has a decent—if somewhat eroding—image as a tax collection agency. Amnesty might just speed that erosion dramatically.

Idaho Deputy Attorney General William von Tagen makes the point well. "Was the money Massachusetts raised proof of the success of amnesty," he asks, "or merely proof of the ineffectiveness of its enforcement program?" ■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matter how successful the operator becomes—11 operators earned more than $100,000 last year—Cathy forbids him to lease more than one restaurant. In other fast food chains multiple ownership is common.

Cathy faces some of the same problems that confront others in the business. The introduction of Chicken McNuggets by McDonald's and of chicken dishes by other fast food chains has slowed C-f-A's growth. Between 1977 and 1981 sales more than quadrupled. They have increased just 34% since then. Earnings increases also have been harder to come by.

Sobered by competition, Cathy has made some overdue changes. In late 1982 chicken nuggets appeared on the menu. Soup was also added. The main item, the chicken breast sandwich (which used to go under the slightly mystifying label, the "One Piece Box"), finally got an appetizing name: the "One Sandwich Meal."

Sales of chicken by fast food restaurants were over $4 billion last year. Impressive, but equal to about half of one chain's revenues, McDonald's. With C-f-A firmly entrenched in its small corner, Cathy thinks the competition has already done its worst—or its best, depending on whose chicken is being spurred.

Even so, how can he grow? He has run out of shopping malls in the South. Cathy has tried to open restaurants outside of shopping malls. They cost 30% more than leasing mall space, and so far this move hasn't paid off. The two new restaurants Cathy has opened—one in Atlanta, the other in Houston—are both losing money, in part because C-f-A failed in its first attempt at selling breakfast.

So it may be time for Cathy to tinker with his recipe for success. But he professes no immediate big changes. Cathy plans gradually to open more stores outside the South, although maintaining his control may prove difficult. He says he has no interest in selling out, to the public or anybody else, although in the current market C-f-A could well fetch $40 million. For the present Cathy is enjoying being his own boss. Two years ago he spent $9 million on a new glass-and-concrete headquarters, with an 80-foot atrium lobby and a five-story spiral staircase, set on 75 wooded acres a few miles west of the Atlanta airport. His office is equipped with a Jacuzzi in the bathroom.

"We just want to row our own boat and keep doing what we are doing," he says. If his competitors allow him to do that, he will keep moving merrily down the stream.

Bargain hunter

Angus Wurtele, like his classmates at Stanford Business School in 1961, was ambitious: He saw himself running a rapidly growing electronics firm like Hewlett-Packard or Control Data. Most certainly, his view of the future included nothing more than a there-but-for-the-grace-of-God-go-I kind of sigh over his family's paint company back in Minneapolis. The firm, Minnesota Paints Co., founded by a great-uncle in 1870, was in as lackluster a business as could be found. It was no place for a fast-tracker from Stanford to show his stuff.

But the family needed a helping hand after the death of the company president, and Wurtele reluctantly agreed to lend one "for a while" after graduation. He has stayed ever since. Wurtele also has made the company—now Valspar Corp.—the paint industry's profit leader *(see table, p. 178)*. He found ways to overcome paint's notoriously small margins and intense competition.

When Wurtele came aboard in 1962 (as a salesman), the company had yearly sales of $7 million. In the past ten years Valspar's sales have tripled, to $162 million. Earnings have risen tenfold, to $10 million. The number of employees has remained the same. Valspar has $27 million in the bank. Its return on equity has averaged 18.2%. Its 6.29% margins are the best in the industry.

Within three years of Wurtele's return home, the new company president died, and Wurtele found himself in charge. To increase the company's modest profits Wurtele, in business-school fashion, considered such diverse fields as fast food franchising and adhesives but rejected them. "We didn't know those other businesses," he says now, sitting in the company's modest boardroom in a 1903 Minneapolis building that also houses Valspar's 80,000-square-foot consumer latex paint factory. (The floor occasionally shakes, and you can hear paint cans clacking over steel conveyer belts.) But if Wurtele was to keep the company in paint, paint had to increase profits.

The family-owned firm, still known as Minnesota Paints back in the early 1960s, started buying small, marginally profitable paint companies to gain economies of scale. Under Wurtele it acquired four before he stumbled onto Valspar Corp. in Rockford, Ill., in 1970. The major shareholder of the publicly held firm was ready to retire, and the two companies merged to form the new Valspar in an exchange of stock.

Wurtele, 49, all told has made about 15 acquisitions since 1965. They account for the majority of the company's growth. Says Albert Nicholas, whose Nicholas Fund *(see* FORBES, *May 7)* is a large holder of Valspar stock: "They buy beat-up, out-of-shape and hurting companies, clean them up and do a good job in an industry that isn't sexy or dynamic." Nothing magic. Wurtele hunts for small, regional paint companies that are in the red or are only modestly profitable. He seldom pays much more than book value. Each firm has products that fit in Valspar's distribution network. And, Wurtele says, "We immediately get out of marginal businesses and reduce the acquisition to its profitable core."

Valspar's managers are string-savers. "We do a lot of picky little stuff,

James Kilkelly

Valspar Chief Executive Angus Wurtele
Cleaning up.

The Up & Comers

like having energy experts check the placement of light bulbs in plants," Wurtele says. "But it really adds up to big dollars." In the past two years little things, such as washing down plant floors to recapture spilled pigment, have cut manufacturing costs by 2%. "That's $2 million that had been hauled away to the dump," Wurtele says.

The strategy has continued to pay off. In the first quarter, ended Jan. 31, net climbed 19%, while sales increased 7%. Wurtele's big challenge now is to grow with fewer acquisitions. The remaining independent paint companies have become high-priced. Valspar now sells its well-known Colony paint in 13 of 100 leading home-center chains and obviously could increase sales by signing on more chains. And last year he spent $5.2 million in paint research and development that can help him take ground in the industrial market.

"What we are doing is not terribly unique," Wurtele says. "It just takes patience and perseverance. You just pay attention to your knitting, remain patient and keep good people, and you can make a good business out of it."—**John A. Byrne**

A brighter shade of green

While far from the largest in terms of sales, Valspar's margins and return on equity paint the prettiest picture in the industry.

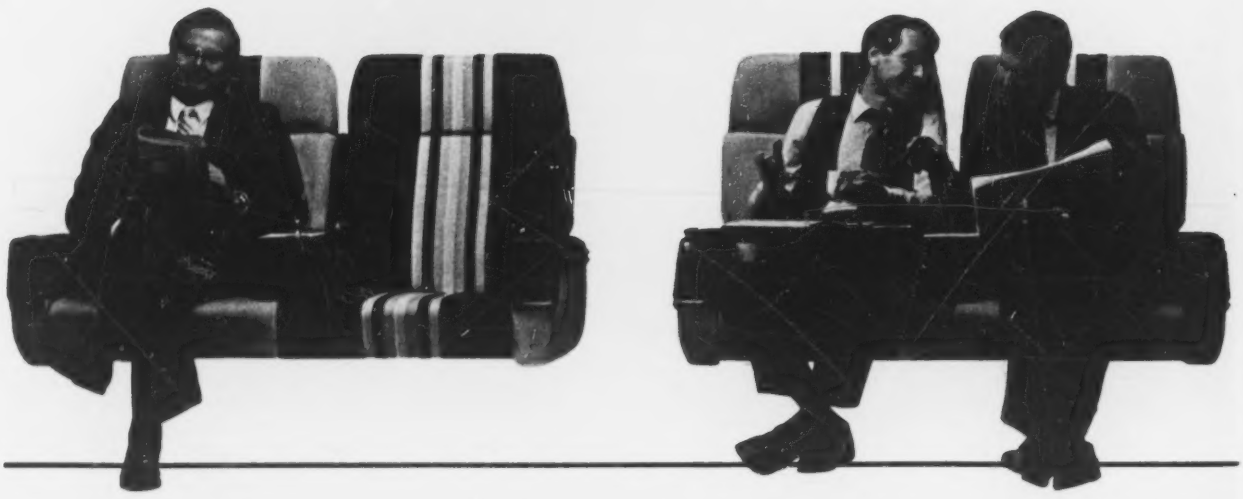
Company	Sales (thousands)	Earnings per share	Margin	Return on equity	P/E	Stock price
DeSoto, Inc	$332,000	$3.17	5.33%	13.6	9.7	30¼
Grow Group Inc	237,000	1.00	2.32	11.2	15.0	15
Guardsman Chemicals Inc	73,000	1.02	2.84	5.1	12.5	12¾
Pratt & Lambert, Inc	155,000	2.62	3.89	15.0	7.8	20½
RPM Inc	131,000	1.07	5.83	14.9	12.7	13⅝
Sherwin-Williams Co	1,973,000	2.32	2.80	13.8	12.2	28⅜
Standard Brands Paint Co	297,000	1.68	6.25	14.8	11.5	19⅛
Valspar Corp	162,000	1.79	6.29	18.2	9.4	16¼

Megarisk

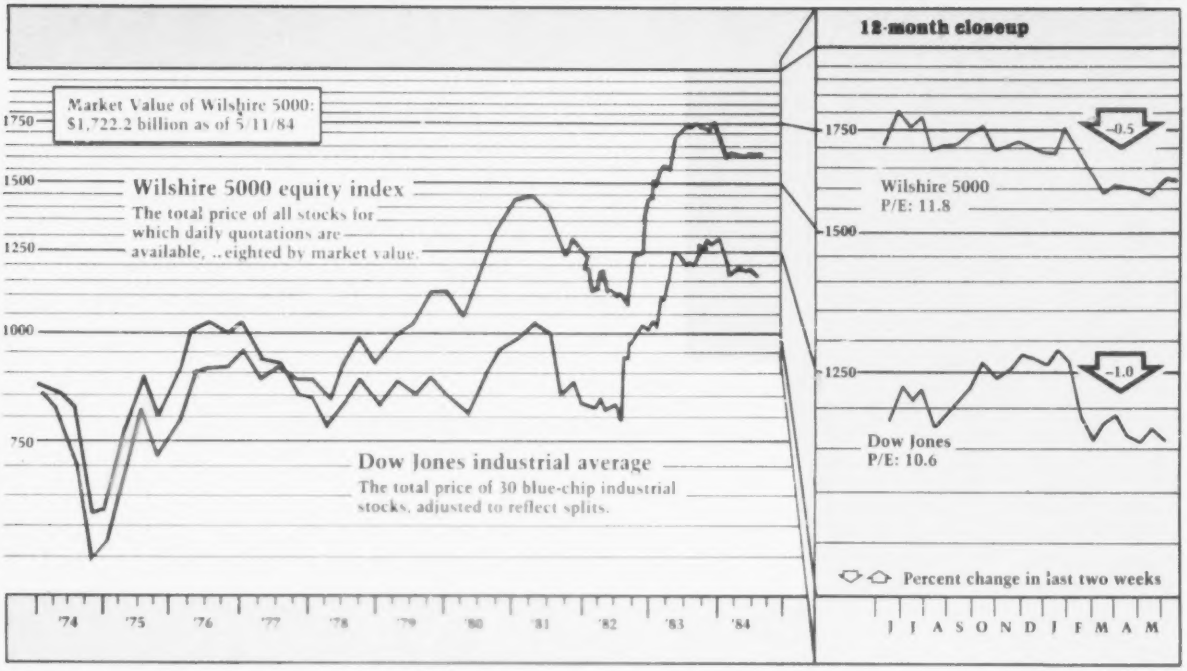
If the future of your business depends on selling machines that cost $1.5 million each, you can't afford to make many mistakes. But Steve Bisset, cofounder of privately held Megatest in San Jose, Calif., has plunged whole hog into making such a machine to test integrated electronic circuitry. In four years he has spent $20 million to build a testing machine called the MegaOne.

If $20 million seems small potatoes, keep in mind that Megatest's net worth is $27 million. At the moment, it appears that Bisset has avoided disastrous mistakes. By year's end, he hopes to ship two MegaOnes to semiconductor manufacturers. "The market is up for grabs right now," says an industry analyst. If Bisset can sell his machines and match the support and service offered by formidable competition, his Megatest will become one of the great up-and-comers. If not: "We bit off a pretty big bite, and now we're in a race to see if we can establish the product before we run out of

TWA's 3 PAIR BEATS PAN AM



The Forbes/Wilshire 5000 Review


12-month closeup
Market Value of Wilshire 5000: $1,722.2 billion as of 5/11/84
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84
-0.5
Wilshire 5000 P/E: 11.8
-1.0
Dow Jones P/E: 10.6
Percent change in last two weeks
J J A S O N D J F M A M

Is a new pattern emerging? Weakness in the big-capitalization stocks during the last two weeks helped trim some recent gains. In the last ten trading days the Dow industrials, the NYSE composite and the Forbes 500 all slipped between 0.7% and 1%. For the month, however, each index shows gains of between 0.6% and 1%. Amex shares were behind 0.9% for the two-week stretch. But over-the-counter stocks showed signs of breaking their long slump with a gain of 1.5% for the last two weeks and 2.7% for the month. In fact, for the first time since the beginning of the year, NASDAQ shares outperformed the two major exchanges on both a two-week and four-week basis.

Investor yardsticks also show breaks in the downward spiral of secondary shares. Over the last month, high-volatility issues were up 1.5%, nearly twice the gain of low-volatility shares. Stocks not paying a dividend also outpolled those with higher-than-market yields. High-growth issues outpaced their low-growth counterparts.

Since last summer investor worries about deficits, interest rates and the sustainability of the recovery have driven down price/earnings multiples, based both on actual earnings and earnings projections. The result: Depending on your economic perspective, today's market is either very cheap or very expensive.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.2	1.0	0.6	0.8	1.3	2.7
in last 52 weeks	–6.6	–3.9	–5.1	–4.0	–7.4	–17.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.9	–0.9	1.5	0.8	1.6	1.5	1.3	2.3	2.5	1.8	1.9	0.4
in last 52 weeks	–5.2	0.0	–8.2	4.5	–16.2	0.0	4.9	–4.0	–4.2	4.5	–1.7	–6.2

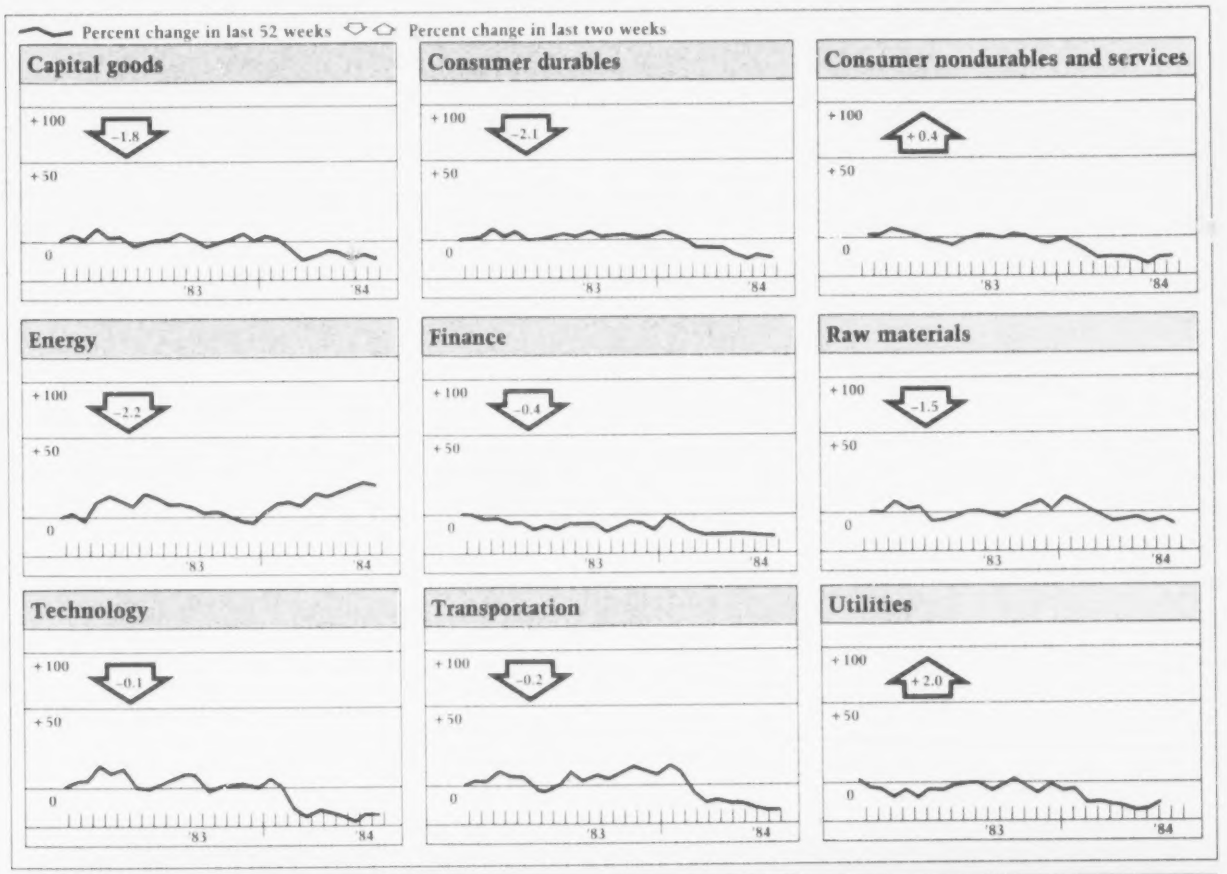
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/11/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Summer in the city. Wall Street is again paying attention to secondary issues but, for the moment, on a somewhat selective basis. Only two of the nine Wilshire sectors, consumer nondurables and utilities, registered gains during the last two weeks. Meanwhile, four groups declined more than the Wilshire index, one of the best measures of overall market activity. Both consumer durables and energy issues lost more than 2%.

Perhaps the most encouraging sign, and one that should be watched for future developments, is the recent strength of technology shares. This important group led the market on its downward trek. But with a 3% gain, the best four-week performance, technology could be on the verge of blazing a new upward path.



What The Analysts Think

First-quarter progress. During the last two weeks, analysts hiked earnings estimates for both consumer durables and utilities. Some of the upward revisions in the former were spurred by record earnings from Detroit. Meanwhile, the latter rose on estimate increases in selective telephone and electric utility stocks.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.72	12.1
1984 estimates	4.19	8.3
1985 estimates	5.08	6.7

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Consumer durables	$3.26	0.58%	-1.55
2	Utilities	3.62	0.15	0.09
3	Transportation	2.78	-0.39	-2.52
4	Raw materials	3.28	-0.57	-1.91
5	Consumer nondurables	2.59	-0.80	-1.15
6	Technology	1.99	-1.03	-1.58
7	Energy	2.81	-1.59	-2.50
8	Finance	3.99	-1.61	-3.01
9	Capital goods	2.41	-1.98	-2.35

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 5/11/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Statistical Spotlight

If companies as big and as leveraged as City Investing and Esmark can go private, what's the limit?

With a lever long enough...

OUR LAST ISSUE (FORBES, *May 21*) contained a list of 31 small to medium-size companies with qualities that made them statistically attractive as leveraged buyout candidates. A few days later, management at Esmark announced a $55-per-share offer to take the firm private. Soon, a similar transaction was under way at City Investing, with Merrill Lynch offering shareholders a 50% premium over market.

Neither company was on our list of prospects. Did we goof? In a way, yes. We figured that huge companies were not good prospects for leveraged buyouts. And we also set our criteria too high. We demanded debt-to-equity ratios of no more than 35%. But at both Esmark and City Investing the figures are well above our limit.

We misjudged the situation. We were too conservative. Why? Because we failed to allow for the fact that big companies could sell assets to cut debt. That is what is likely to happen in the both the Esmark and City Investing cases.

And so, back to the drawing board. The following table contains 24 companies with sales of $4 billion or more, debt/equity under 40%, P/Es under 12 and and a market price not more than 50% over book value. Lots of big oil companies—and even General Motors—showed up on our initial screen. But we excluded capital intensive industries like energy and autos from our list.

We're not betting that any of these corporations will go private. Computer screens, however, help investment bankers get their ideas, too, and this is what our search turned up. ■

Big companies to tempt the buyout boys

Company/business	Recent price	—52-week— high	low	Sales (mils)	Latest EPS	12-month P/E	Yield	Debt/ Equity	Current ratio	Asset turnover	Cash flow/debt
Allied Corp/multicompany	35	38⅛	31½	$10,022.0	$4.43	7.9	5.1%	34%	1.20	1.3	0.3
American Brands/tobacco	56	62½	47½	7,093.4	6.95	8.1	6.7	27	1.59	1.7	0.8
Beatrice Foods/food processing	32¼	36	25	9,327.0	3.23	10.0	5.3	35	1.67	1.9	0.4
Boeing/aerospace	39¼	49⅞	35⅝	11,129.0	3.67	10.7	3.6	10	1.61	1.5	4.3
Borden/food processing	57¼	61	49⅞	4,264.8	5.99	9.6	4.7	27	1.66	1.6	1.2
Burroughs/computer equipment	52⅝	57⅝	44⅜	4,296.5	4.74	11.1	4.9	25	1.93	1.1	0.5
CBS/broadcasting	73⅛	81⅛	61½	4,458.4	7.02	10.5	3.8	16	1.59	1.5	1.1
CIGNA/insurance	37	50⅜	36⅝	11,786.9	5.26	7.0	7.0	8	0.47	0.4	2.4
CPC Intl/food processing	37¼	42⅜	36	4,010.9	3.93	9.5	5.9	25	1.64	1.6	0.7
Dart & Kraft/food processing	76¾	77	63⅛	9,714.0	8.10	9.5	5.0	19	2.08	1.8	1.1
Federated Dept Stores/retail	49	69	45½	8,690.0	6.96	7.0	4.9	33	1.49	1.7	0.7
General Foods/food processing	52⅛	54⅛	42⅛	8,256.4	5.99	8.8	4.6	39	1.86	1.9	0.7
Honeywell/computer equipment	54	69⅛	50⅝	5,735.1	5.38	10.0	3.5	32	1.88	1.2	0.9
K mart/retail	28⅜	39⅛	26¼	18,598.0	3.80	7.5	4.4	23	1.90	2.3	0.5
Litton Industries/multicompany	69⅜	72⅞	55	4,719.2	6.69	10.4	2.6	13	1.68	1.2	3.4
Loews Corp/financial services	78⅜	88½	53	5,122.1	12.30	6.4	1.3	31	0.79	0.5	1.2
McDonnell Douglas/aerospace	54½	62⅜	46⅛	8,111.0	7.09	7.7	3.0	3	1.10	1.7	4.6
Monsanto/chemicals	95⅞	116⅛	79½	6,299.0	10.80	8.9	4.8	26	2.26	1.0	1.0
Nabisco Brands/food processing	40⅞	46	34⅜	5,985.2	4.86	8.4	6.1	28	1.54	1.6	0.8
Sperry Corp/computer equipment	38⅛	50	32⅝	4,914.0	4.17	9.1	5.0	34	1.67	1.0	0.7
TRW/aerospace	64⅛	82	60	5,493.0	6.05	10.6	4.4	16	1.60	1.6	1.8
Westinghouse Electric/electrical equip	23	28⅛	20⅜	9,532.6	2.64	8.7	4.3	10	0.94	1.1	2.4
FW Woolworth/retail	36⅛	39⅛	29⅞	5,456.0	3.72	9.7	5.0	36	1.83	2.1	NA
Xerox/office equipment	40¼	52⅛	38⅞	8,802.1	4.42	9.1	7.5	35	1.75	1.1	0.9

NA: not available

Sources: Disclosure II Data on Diskette via Micro Scan from ISYS Corp.; Forbes

Statistical Spotlight

Rising interest rates could shake building stocks off their foundations. But if that doesn't happen, these companies may give investors big gains.

Sticks and stones and mobile homes

By Leslie Pittel

WHEN THE MARKET took off in August of 1982 housing stocks helped lead the way. Among the best performers in the first stages of the rally were such home builders as Pulte Home, which jumped over 750% from June 1982 to June 1983, and National Homes, which gained 260% during the same period.

The gains continued for this group, until investors became nervous about interest rates last summer. Then the wrecker's ball hit building stocks hard. The strong but uneven recovery in new housing starts only added to investor concerns.

The accompanying table presents stock-performance and balance-sheet data for 46 housing and housing-related firms in areas as diverse as lumber, real estate development and plumbing fixtures. Since leverage is important to many building companies, we used relatively liberal criteria to round up these stocks. We limited our search to companies whose earnings estimates for the current fiscal year are available. We then looked at companies with debt-to-equity ratios of 250% or less and sales of $25 million or more.

Patrick McDonnell

Many of the stocks on our list don't qualify as unloved or undervalued investments. By our traditional value-oriented standards, they are too pricey. Take Tidwell Industries, for example, a manufacturer of modular and mobile homes. It sells for almost twice book value and at a P/E of 9.4 based on 1983 earnings.

Analysts who provide data for the IBES consensus earnings estimates think that Tidwell could earn as much as $1.20 per share in 1985. On that basis it is selling at only 5.9 times future earnings. Bohemia, a plywood and lumber company, sells at an even cheaper 4.6 times its 1985 estimate.

House of the rising sun

Most of these building-related issues sell near their 52-week lows. They may drop even further if interest rates climb, but Wall Street analysts still expect significant earnings growth. That's why juicy price gains could be in store—especially if interest rates fall.

Company/business	Sales (millions)	Price recent	Price 52-week high	Price 52-week low	P/E	Earnings latest 12 mos	Earnings estimated 1984	Earnings estimated 1985	Dividend yield	Debt/ equity
American Standard/building materials	$2,181.5	29	38⅛	26½	12.8	$2.27	$3.31	$4.45	5.5%	64%
Apogee Enterprises/glass	167.5	8⅞	14¾	8¼	17.1	0.52	0.87	NA	1.4	18
Armstrong World Inds/furnishings	1,439.1	25⅛	33¾	22¼	10.0	2.53	3.44	4.48	4.4	8
Blount/construction	788.7	14¼	19⅜	10¾	7.8	1.83	2.33	NA	2.5	5
Bohemia/forest products	137.8	11¼	29	10¾	NM	–0.58	0.40	2.45	3.6	15
Castle Industries/manufactured housing	25.2	5⅞	16⅞	4⅜	NM	–0.01	0.90	1.10	—	7
Centex/real estate, construction	1,002.4	28	33½	25¼	11.3	2.48	2.62	3.32	0.9	27
Clayton Homes/manufactured housing	71.7	9¼	18¼	8¼	9.3	0.99	1.05	1.34	—	0
Commodore/manufactured housing	207.2	1⅞	13⅞	1⅞	3.9	0.48	–0.35	0.40	—	64
Conner Homes/manufactured housing	69.2	15½	22½	13¼	8.1	1.92	2.00	2.15	—	30
Corning Glass Works/glass	1,589.4	64⅜	90¼	59½	16.1	4.01	5.84	6.74	3.6	31
Crown Industries/building materials	93.2	11⅛	15⅜	8¾	7.1	1.57	2.10	NA	2.5	90
General Shale Products/bricks	59.2	13¼	18	12½	8.6	1.54	2.00	NA	2.3	32
Georgia-Pacific/lumber, gypsum	6,469.0	22⅛	31⅞	20⅝	10.1	2.19	3.01	4.09	2.7	65
Golden West Homes/manufactured housing	44.7	8	18¼	7¾	NM	–0.07	0.03	1.25	—	34

NA: not available NM: not meaningful

Sources: Disclosure II Lynch Jones & Ryan Institutional Brokers Estimate System (IBES) on diskette via Micro Scan from ISYS Corp. Forbes

Statistical Spotlight

From this perspective, value seems greater.

In fact, of the 46 stocks on our table, 33 sell for less than 8 times estimated 1985 earnings. With few exceptions, earnings are expected to show year-to-year increases in both 1984 and 19[illegible]. Consider, too, that most of these shares are selling close to their 52-week lows.

All these companies carry a major element of risk. If Salomon Brothers guru Henry Kaufman is correct and interest rates climb sharply, any business depending on construction is vulnerable. But if interest rates fall, or even remain stable, these stocks may be attractive buys now.

Some analysts think there are ways to shop this industry and minimize the interest-rate risk. Stephen Albert of Kidder, Peabody, for example, recommends diversified companies. Among his present favorites: Overhead Door, Masco and Sherwin-Williams. Albert is also partial to what he calls "broader, late-cycle plays," such as American Standard. "I feel a little bit like Davy Crockett at the Alamo," he says. "I'm counting each bullet and planning my fire carefully."

Patrick McDonnell

First Boston's Laurence Hirschhorn uses different logic: "Nonresidential construction—office buildings and factories—is an extraordinary area of opportunity. These stocks are sensitive to capacity utilization rather than interest rates." Along with Albert, he recommends American Standard. Hirschhorn also likes Dover and Turner Construction.

Owning housing stocks, of course, isn't for the fainthearted. These companies have a history of providing handsome rewards for those who buy at the right time and devastation for those who don't. ■

House of the rising sun

Company/business	Sales (millions)	Price recent	Price 52-week high	Price 52-week low	P/E	Earnings latest 12 mos	Earnings estimated 1984	Earnings estimated 1985	Dividend yield	Debt/ equity
Guardian Industries/glass	$ 496.6	18	28⅜	16¼	10.5	$1.72	$1.99	$2.63	1.8%	76%
International Aluminum/aluminum, glass	107.9	17½	24⅛	16⅛	10.2	1.72	1.95	2.78	4.1	14
Jim Walter/building materials	1,933.6	26⅞	38⅛	25¼	7.4	3.65	4.00	5.03	3.6	154
Justin Industries/bricks	254.8	12⅞	16⅛	12⅛	9.3	1.39	1.79	3.03	—	76
Libbey-Owens-Ford/glass	1,167.7	46¾	47	31⅜	10.3	4.54	5.97	7.25	2.6	29
Louisiana Pacific/forest products	1,102.0	23¼	36½	21⅜	26.1	0.89	2.52	3.62	3.4	25
Manville/building materials	1,729.5	10⅜	16⅜	9¼	6.1	1.76	3.10	NA	—	0
Masco/plumbing supplies	855.7	27¼	37	25½	14.4	1.93	2.71	3.44	1.6	63
Medford/building materials	142.8	25	34	21	8.3	3.03	2.75	4.30	2.4	62
National Gypsum/gypsum	1,130.9	34	39⅛	27¼	7.8	4.34	5.58	7.02	5.2	26
National Homes/manufactured housing	64.8	3¼	10⅛	3⅛	NM	0.04	–0.05	NA	—	80
Overhead Door/building materials	228.9	16⅛	21¼	14¼	13.3	1.25	2.10	3.10	3.6	38
Owens-Corning Fiberglas/bldg materials	2,753.2	30½	46⅞	27⅜	9.1	3.34	4.57	5.41	3.9	30
Perini/construction	852.4	27⅞	33⅝	26⅛	9.8	2.85	4.57	NA	2.9	19
Philips Industries/manufactured housing	296.2	13⅛	20	11	9.1	1.43	1.82	2.01	3.0	51
Pope & Talbot/forest products	285.9	18¼	30¼	18¼	10.1	1.80	3.06	3.75	4.4	58
PPG Industries/building materials	3,681.6	29¼	38	27⅛	7.4	3.94	4.36	5.20	4.9	27
Presley Cos/home building	108.7	14⅛	20⅞	11⅜	8.3	1.70	2.38	2.75	2.1	33
Pulte Homes/home building	866.7	13⅞	37½	12⅝	8.6	1.62	2.00	2.77	0.9	20
Redman Industries/manufactured housing	262.8	9⅞	27½	8½	11.5	0.86	1.02	1.87	3.0	21
HH Robertson/construction	630.0	46⅝	48½	32⅞	14.4	3.23	3.40	3.43	3.4	11
Ryan Homes/home building	397.6	22½	50	21½	7.7	2.94	3.70	4.99	4.4	18
Standard-Pacific/home building	133.9	14⅛	22⅞	12¼	10.5	1.37	2.60	3.45	2.8	49
Tidwell Industries/manufactured housing	102.6	7⅛	20⅛	5¼	9.4	0.76	1.27	1.20	—	68
Triangle Pacific/cabinets	225.9	28	38½	22¼	9.5	2.95	3.24	NA	3.6	20
Trus Joist/building materials	95.9	25½	40½	23	15.5	1.65	2.39	3.25	1.4	28
Turner Construction/construction	57.9	22⅛	24⅜	17¼	7.7	2.93	3.50	NA	4.9	22
US Home/building	1,151.8	8¼	20¼	7⅛	17.9	0.46	1.10	1.54	3.9	71
Weyerhaeuser/forest products	4,882.6	28	41¼	27⅞	19.0	1.47	2.99	4.28	4.6	38
Writer/construction	56.3	7¼	19½	7⅛	6.4	1.21	1.52	2.00	1.9	NA
Zimmer/manufactured housing	122.6	10½	24⅞	8⅛	15.7	0.67	1.36	1.88	1.0	NA

NA: not available. NM: not meaningful.

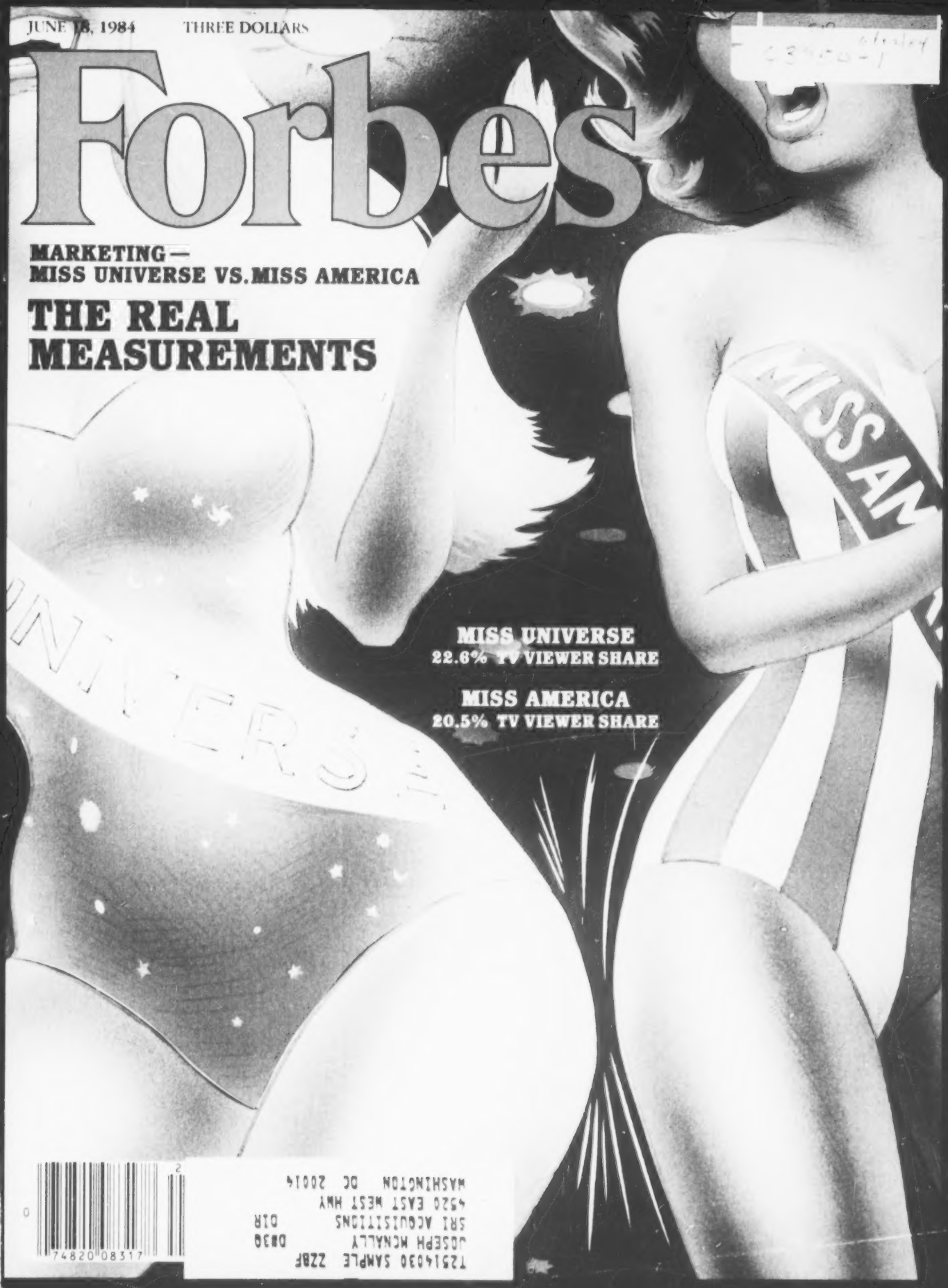
Sources: Disclosure II Lynch Jones & Ryan Institutional Brokers Estimate System (IBES) on diskette via MicroScan from ISYS Corp; Forbes.

JUNE 18, 1984 THREE DOLLARS

Forbes

MARKETING—
MISS UNIVERSE VS. MISS AMERICA

THE REAL MEASUREMENTS



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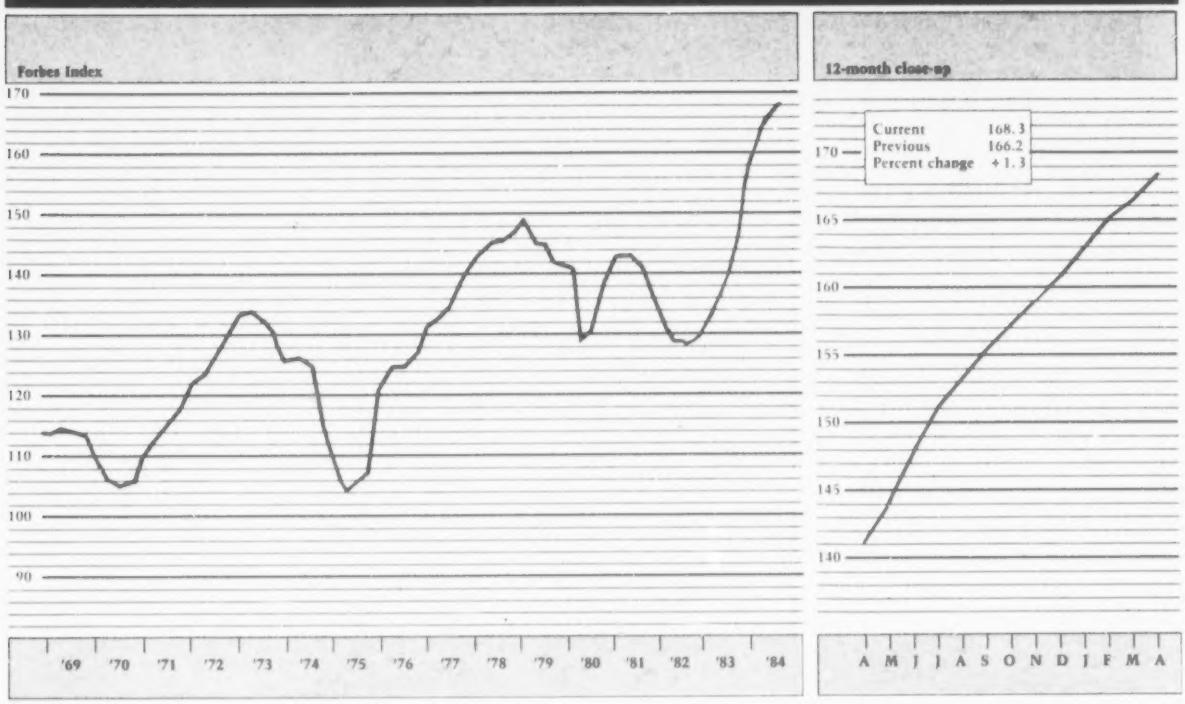
The Forbes Index



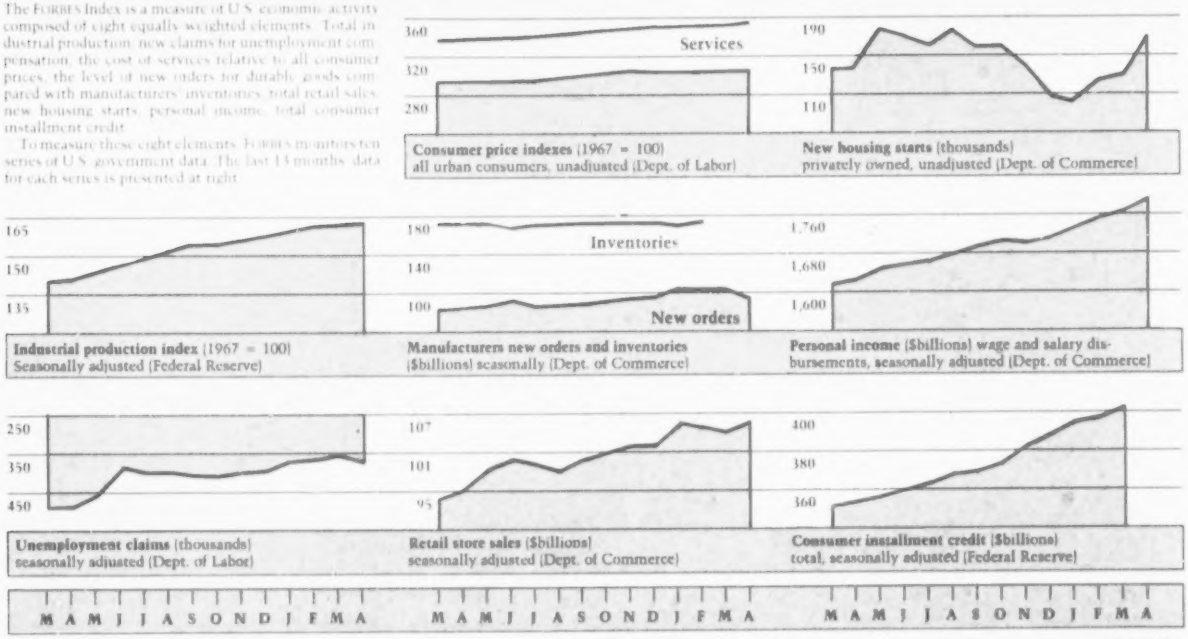
Quickening pace. Just when the recovery seemed to be leveling off, the Forbes Index, with a 1.3% gain in the latest reporting period, recorded its sharpest upward leap since early in the year. There were significant gains in several Index components. Yet this is not a clear signal that economic expansion is out of control. A sign of moderation: Manufacturers' new orders show a 6.4% drop.

New housing starts, 23.7% higher than they were in March, hit a 12-month high in April. Another strong showing came from retail sales, which registered a 2.9% month-to-month advance and stand some 11.5% higher than they were one year ago at the same time. Meanwhile, there were monthly increases of 1.2% for personal income and 1.4% for industrial production.

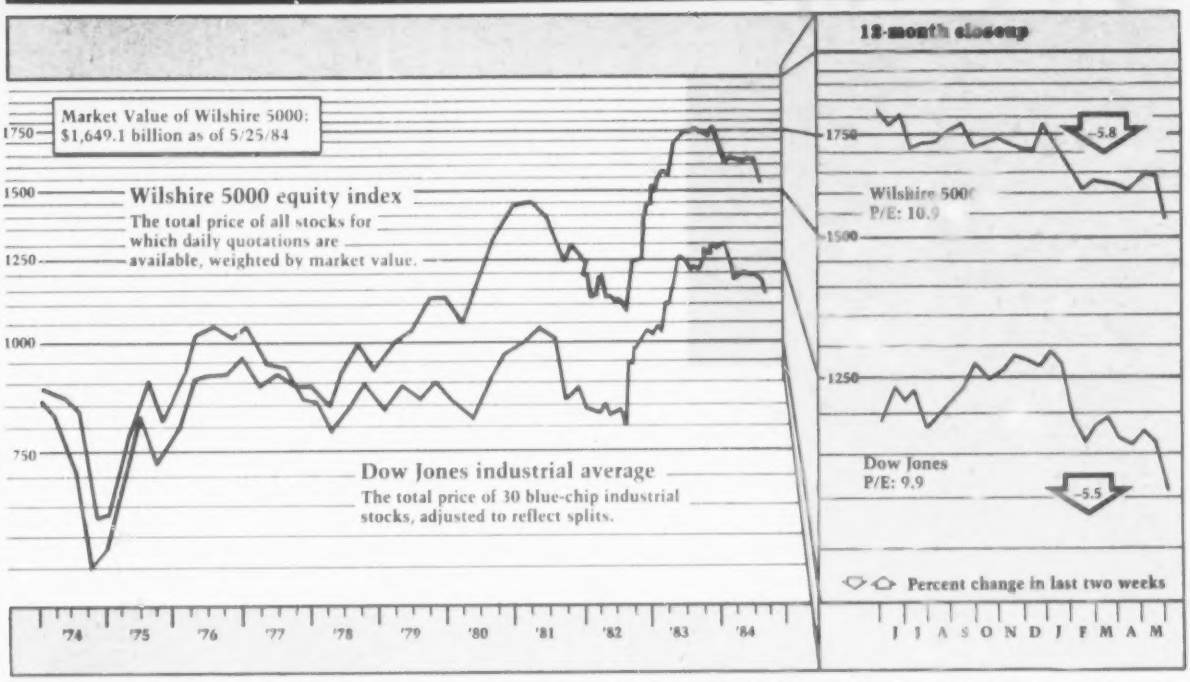
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



Less than a 10. The price/earnings ratio on the Dow industrials has fallen below 10 for the first time in 18 months. Investors are nervous because of rising interest rates and rumors of trouble at money center banks. During the last two weeks that concern sent the Dow down by 5.5%. Technicians also see a recent intraday drop below the 1100 level as a troubling sign.

Other indexes are not performing well, either. The NYSE dropped 5.5% and the Amex fell 6.1% over the last two weeks. The early May rebound in over-the-counter issues, what's more, was clearly short-lived. Now NASDAQ shares are leading the market down, with a 6.9% two-week decline. The 5,600-stock Wilshire index shows that the overall market was off some 5.8% in this period. In the past year the Wilshire has dropped by 12.1%, compared with a 24.4% loss for NASDAQ issues.

If there's any good news here, it is that stocks now look much cheaper than they did one year ago. The Forbes 500 trades at 7.8 times estimated 1984 earnings and 6.3 times estimated 1985 earnings. Multiples have not been this low since the bull market began in August of 1982. If corporate performance is unable to match analyst estimates, however, investors may have to wait a long time for another rally.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–5.8	–5.5	–5.5	–5.5	–6.1	–6.9
in last 52 weeks	–5.5	–5.5	–6.1	–5.6	–6.0	–4.3

Stock performance based on six key investor yardsticks

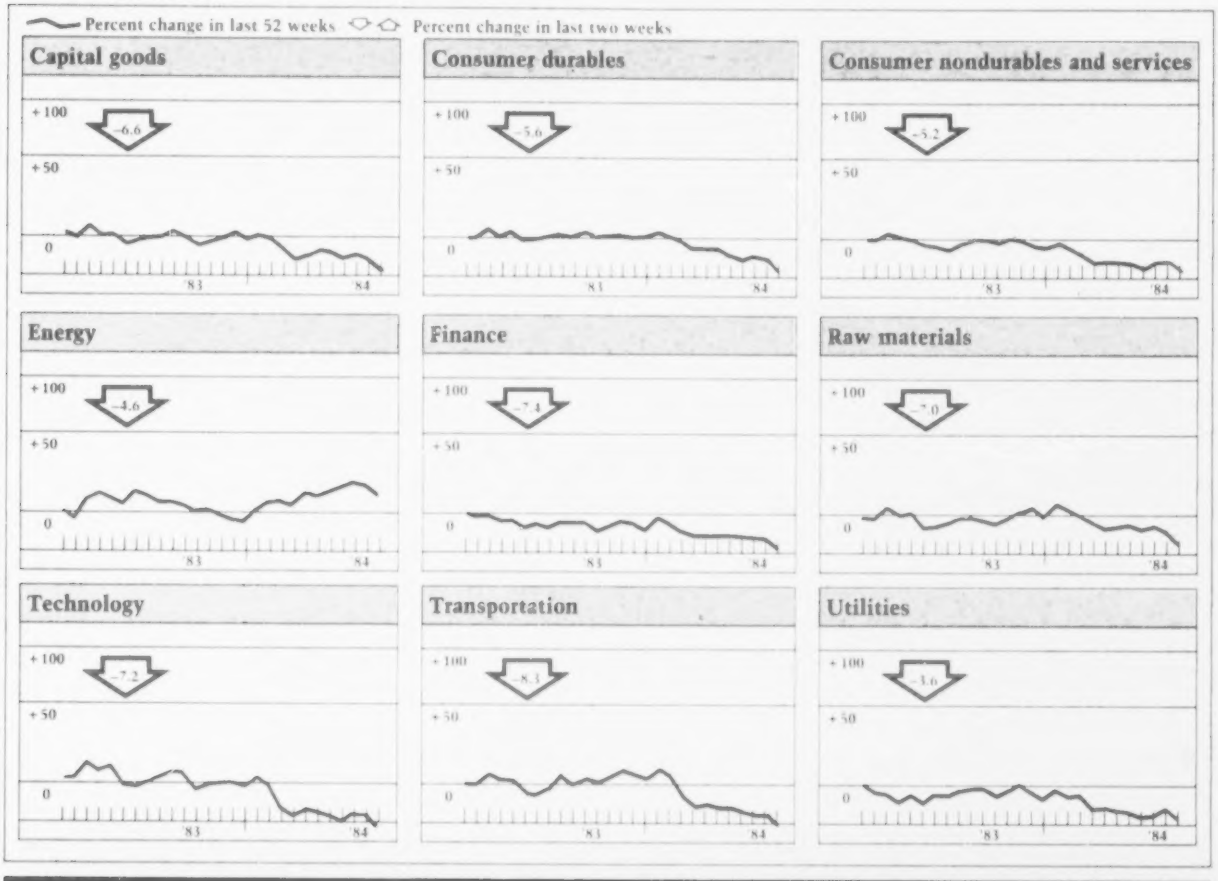
Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–5.9	–4.7	–7.2	–2.1	–4.9	–2.1	–2.2	–4.3	–4.0	–2.3	–4.0	–4.9
in last 52 weeks	–11.8	–11.0	–19.3	0.2	–24.4	–7.8	–0.1	–12.7	–15.4	–0.5	–7.5	–16.2

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/24/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Low finance. Although all nine sectors suffered significant losses for the two-week period, the finance sector, off 7.4%, attracted the most investor concern. The well-publicized troubles at Continental Illinois and apparently unsubstantiated rumors about other large banks drove dozens of bank stocks to 52-week lows. If there was any consolation for the banks, it was that transportation shares performed slightly worse than the finance group, dropping 8.3% over the same stretch. Railroad stocks were particularly weak. Meanwhile, the technology group, with a 7.2% drop, continued to suffer major losses. These stocks are off more than 20% from their levels of a year ago. The most resilient group during the last ten trading days was utility stocks, down only 3.6%.



What The Analysts Think

The slashing continues. Except for a minor increase for the consumer durables sector, Wall Street analysts continue to lower their earlier forecasts for 1984 earnings. Once again, finance shares show the largest downward revision. However, even with the latest cuts, analysts still expect significant earnings growth in fiscal 1984 and 1985.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.69	11.5
1984 estimates	4.17	7.8
1985 estimates	5.06	6.3

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Consumer durables	$3.27	0.09%	0.78%
2	Utilities	3.59	-0.22	-0.09
3	Raw materials	3.34	-0.47	-0.82
4	Energy	2.81	-0.56	-2.12
5	Consumer nondurables	2.60	-1.02	-1.59
6	Technology	2.02	-1.66	-2.46
7	Capital goods	2.42	-1.95	-3.59
8	Transportation	2.71	-2.38	-2.64
9	Finance	3.86	-2.92	-4.38

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 5/24/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

It can be embarrassing to admit that a company is pressed for cash. That's why many firms keep paying shareholders even though they need to hold on to the money.

High-risk dividends

By Steve Kichen

THERE'S AN UNWRITTEN RULE on Wall Street that companies will, eventually, share their profits by sending out dividend checks. Of course, there are plenty of outfits that don't pay dividends, but they fall into three broad categories: young growth companies plowing back every penny into an expanding business; firms in serious financial difficulty; and a small number of well-established but maverick corporations such as Teledyne, Crown Cork & Seal and Tandy Corp. that have never given shareholders a piece of their profits.

Among the more than 2,000 companies that do pay common stock dividends, there are some that continue to dole out more than they can rightfully afford. Charter Co., for example, which recently filed for reorganization, maintained its 25-cent quarterly dividend to the bitter end. During the last 12 months, it paid out more than $16 million to shareholders, even though the firm was in a very tight cash flow situation *(see page 123)*. The $16 million alone didn't make the difference between solvency and bankruptcy, but Charter might have obtained more time from creditors had it eliminated payouts.

Patrick McDonnell

By maintaining a dividend too long, a firm may make its uphill battle that much harder. Ford, for example, paid out $144 million in dividends in 1981, a year it lost over $1 billion. In 1978 Chrysler paid $54 million. The next year it lost more than $1 billion.

Corporate dividend committees must worry about cash flow requirements, the needs of shareholders dependent on dividend income, and their company's image on Wall Street. Big institutions tend to have more loyalty toward companies with stable and growing dividend policies than those with erratic payouts.

We recognize that mathematics alone won't provide the final answer to whether a company should be paying a dividend. But a combination of computer screens offers an interesting analysis of companies with generous dividend policies.

Since Charter is fresh in investors' memories, we checked the records and discovered that earnings as reported in Value Line exceeded dividends in only three of the last five years. Meanwhile, over that last half-decade the company's dividends grew at an average annual rate of 47.5%, while its earnings fell at a 0.5% rate.

How many firms show similar patterns? To find out, we asked our trusty computers to isolate companies with negative or negligible five-year earnings growth rates and positive five-year dividend growth rates. Then we limited our list to firms paying out more than they earned over the last 12 months. To refine our search further, we eliminated firms whose debt as a percentage of equity is less than 20% and annual revenues

Should these companies be paying dividends?

In the past five years these 27 firms handed shareholders juicy dividend checks. But payouts grew faster than earnings. Worse, for the most recent 12 months, dividends exceeded profits. Many of these stocks sell near their 52-week lows. Some sport high yields—a sign that Wall Street worries about dividend cuts.

Company/*business*	5-year growth rates dividends	earnings	Indicated dividend	Yield	Latest 12-month EPS	Stock price recent	52-week range	Sales ($ mils)	Current ratio	Debt/ equity
Allegheny Intl *multicompany*	2%	–1%	$1.40	6.1%	$0.46	22⅞	36½–22¼	$2,347.9	1.46	78%
Amfac *food processing*	7	–1	1.44	6.1	–4.67	23¾	31⅜–23¾	2,253.1	1.77	79
Baker Intl *oilfield equip and svcs*	38	0	0.92	4.4	–0.83	21	26⅛–16½	1,837.6	2.94	51
Brockway *packaging*	5	–19	1.32	8.2	0.43	16¼	19 –14⅜	828.7	1.76	41

Sources: Disclosure II Data on Diskette via Micro/Scan from ISYS Corp.; Wilshire Associates; Forbes

Statistical Spotlight

are below $250 million.

We are not saying that any of the 27 corporations in the accompanying table are about to follow in the footsteps of Charter Co. But surely there are several nervous financial officers at these firms who wonder how much longer their companies can continue without a dividend cut. Total Petroleum, for example, had a net loss $82 million over the last three fiscal years, yet its dividend is costing the firm $5 million a year.

Almost half the companies in our table are in capital-intensive and energy-related areas. They want to ride out the hard times in their industries without giving up their dividends. Some, like Bucyrus-Erie, have already reduced their dividend from 22 cents a quarter to the current 11 cents.

But if these firms do trim payouts, don't expect a collapse in share prices. Many of the stocks on our table are selling close to their 52-week lows, so the threat of bad news may have been discounted. The market, in fact, often responds positively to an announcement of corporate belt-tightening.

Contrarians think that way, which is why they may see more buys than sells on this list. A risky strategy, to be sure, but this much is certain: Something has to change. These companies can't continue their present generosity unless earnings improve. ■

Should these companies be paying dividends?

Company/*business*	5-year growth rates dividends	earnings	Indicated dividend	Yield	Latest 12-month EPS	Stock price recent	Stock price 52-week range	Sales ($ mils)	Current ratio	Debt/ equity
Bucyrus-Erie* *construction equip*	4%	–13%	$0.44	3.1%	$–6.45	14¼	19¼–13¾	$ 687.3	1.83	39%
Cincinnati Milacron *machine tools*	18	0	0.72	2.8	–0.16	25⅜	39 –24½	559.0	2.07	32
Copperweld *steel*	10	0	0.58	3.0	–1.74	19¼	23¼–15	325.5	1.86	55
Crane *building materials*	2	–1	1.60	4.6	–1.91	35	40¾–26½	1,126.4	2.13	50
Crown Central Petroleum *oil refining and marketing*	37	–33	0.80	4.0	–0.09	19⅞	30 –17½	1,674.2	1.10	48
Diamond Shamrock *oil and gas, resources*	5	–1	1.76	8.3	–0.40	21⅛	26⅝–18	4,026.1	1.38	66
Dresser Inds *oilfield equip*	13	0	0.80	3.6	0.27	22	25½–17	3,473.4	2.86	24
Enserch *natural gas*	4	–10	1.60	7.8	1.34	20⅝	26¼–18⅞	3,502.4	1.13	65
Fluor *construction, resources*	15	–7	0.80	4.2	0.48	18⅞	23⅜–16⅛	5,300.5	1.05	41
Fremont General *insurance*	15	–57	0.48	3.6	–0.84	13½	30¼–10⅞	534.0	0.47	42
Gelco *leases vehicles, containers*	19	0	0.56	3.7	–0.46	15	23¼–14½	938.7	2.36	NM
Hughes Tool *oilfield equip and svcs*	27	0	0.84	4.7	–1.92	17⅞	24⅞–17	1,157.3	3.11	42
Midland-Ross *metal fabricating*	3	–1	1.00	4.7	0.53	21½	25⅛–16¾	755.2	1.93	58
Nicor *natural gas utility*	5	–16	3.04	11.2	1.79	27¼	34½–24¼	2,236.8	0.65	42
Occidental Petroleum *oil and gas, food processing*	17	0	2.50	7.2	1.06	34½	35¾–22	19,115.7	1.03	58
Pacific Gamble Robinson *food retailing, wholesaling*	4	–3	1.40	5.8	1.01	24	26 –20¾	833.2	1.77	51
Parker Drilling *oilfield svcs*	24	0	0.16	1.4	–1.57	11⅛	13¾– 8½	348.9	3.88	85
Smith Intl *oilfield equip*	17	–1	0.96	5.0	–3.90	19¼	28⅛–17	697.0	2.11	45
AE Staley Manufacturing *food processing*	1	–6	0.80	4.0	0.48	20	33⅜–18½	1,679.4	1.92	36
Stauffer Chemical *chemicals*	9	0	1.44	7.9	–0.27	18¼	31¾–17½	941.2	2.12	32
Storer Communications *broadcasting*	7	–13	0.40	1.1	–2.63	35	37¾–28½	458.9	0.75	175
Sybron *health care products*	4	–20	1.08	6.2	–2.74	17½	29⅛–17⅜	554.6	2.45	49
Total Petroleum North Am *integrated oil*	11	–1	0.24	2.2	–0.23	11⅛	14⅜– 8⅛	2,081.9	1.02	110

*To change to holding company, Becor Western. NM: Not meaningful.

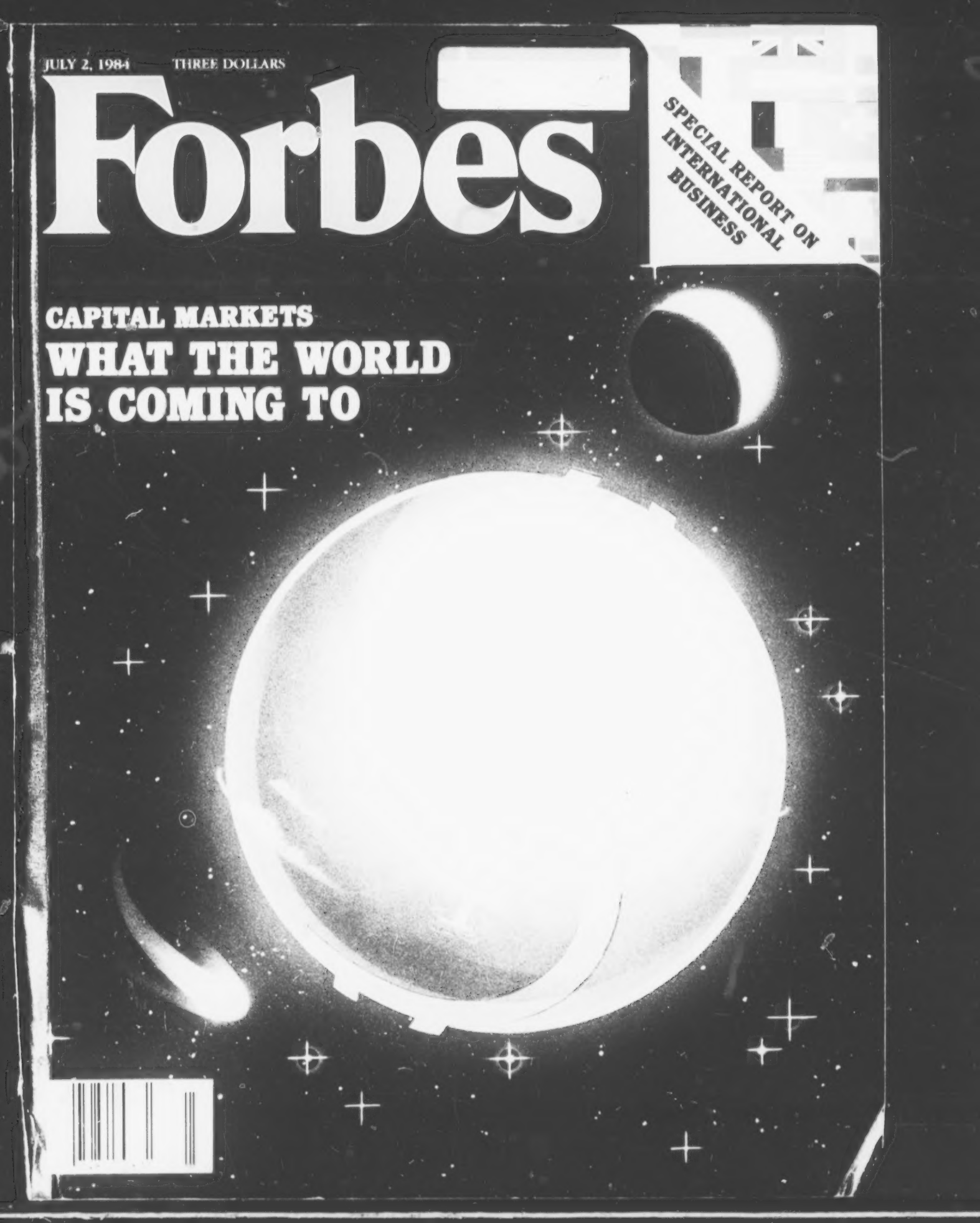
Sources: Disclosure II Data on Diskette via Micro Scan from ISYS Corp.; Wilshire Associates; Forbes

JULY 2, 1984 THREE DOLLARS

Forbes

SPECIAL REPORT ON INTERNATIONAL BUSINESS

CAPITAL MARKETS
WHAT THE WORLD IS COMING TO



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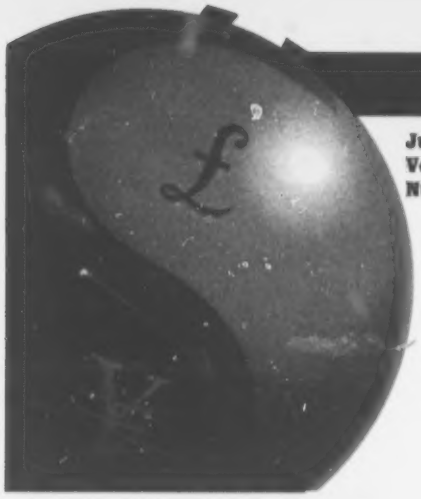

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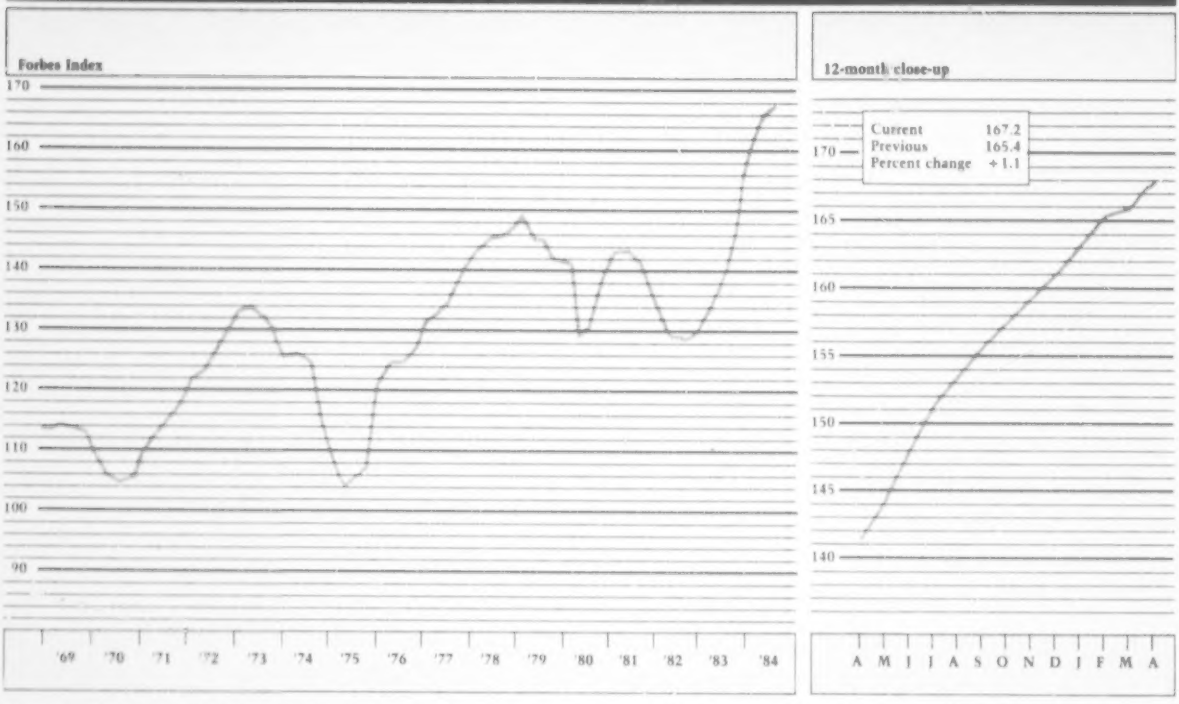
The Forbes Index



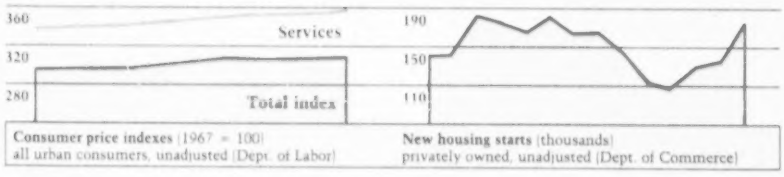
Hot streak. With a 1.1% gain, the Forbes Index continues to break past records. But underlying weakness in some areas could eventually snap this winning streak. In the latest reporting period, manufacturers' inventories—the only figure for which an update is available—show a 1.5% month-to-month increase.

The Forbes Index measures the relationship between new orders for the last three months and manufacturers' inventories for the most recent month. The decline in April orders, as previously reported, was not enough to offset gains in the prior two months. If new orders continue to drop, however, the Index could fall. Watch unemployment claims, too. A third monthly increase could be another sign of impending problems.

The Forbes Index Components

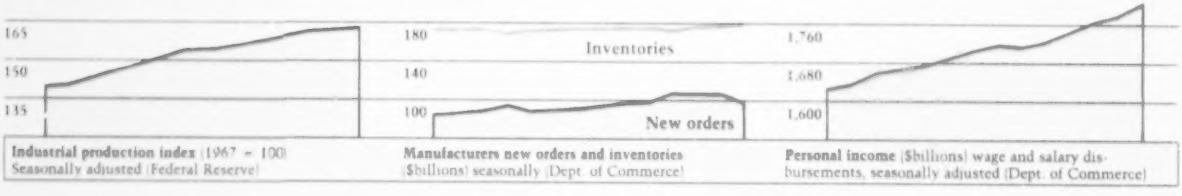
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Consumer price indexes (1967 = 100)
all urban consumers, unadjusted (Dept. of Labor)

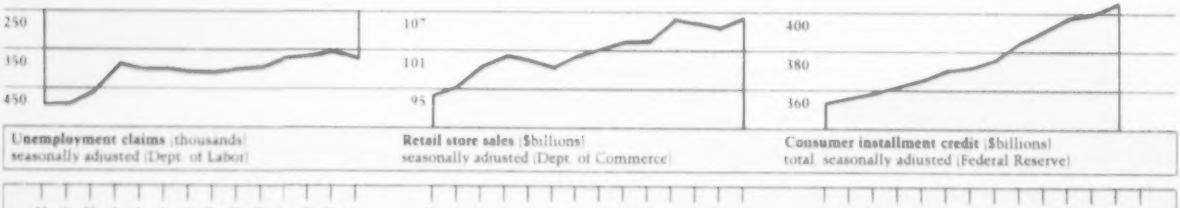
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100)
Seasonally adjusted (Federal Reserve)

Manufacturers new orders and inventories
($billions) seasonally (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



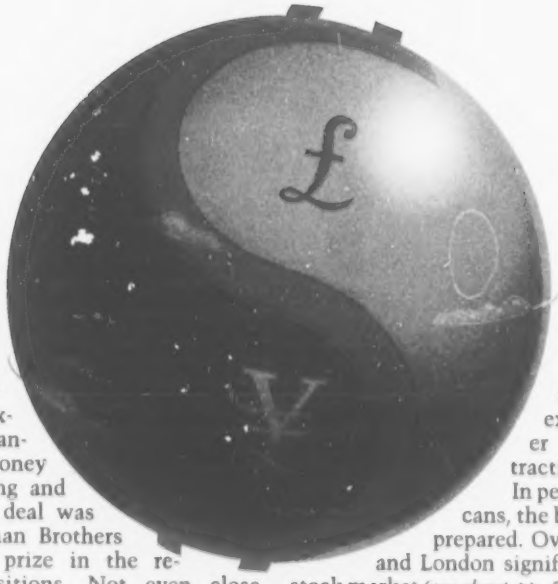
Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)

Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

As equity markets become international, London and Tokyo are scrambling to catch up with Wall Street. In the future, Siemens and Fujitsu may become as familiar to U.S. investors as GM or Exxon.

Tomorrow the world



By Marcia Berss

IN APRIL Lehman Brothers was swallowed whole by Shearson/American Express, an aggressive financial conglomerate long on money but short on Lehman's trading and corporate finance setup. The deal was big—$360 million—but Lehman Brothers was not the highest-valued prize in the recent spate of broker acquisitions. Not even close.

That distinction goes to Vickers da Costa, an obscure British broker with expertise in Far East stocks. Housed in a musty building near London Bridge, Vickers commanded a tidy 3 times book value from buyer Citicorp, compared with the 2 times book pocketed by the Lehman partners. No question: Citicorp badly wanted this London stockbroker, which knows the Tokyo equity markets so well.

New York, of course, is the world's deepest financial market, embracing about half the globe's $3.5 trillion in equity capital. Half, and the livelier half. But now Tokyo (representing about 20% of the world's equity) and London (with about 10%) are moving to eliminate fixed commissions on trades, liberalize their financial markets and let foreign securities firms take a bigger role. As the action shifts, Wall Street's biggies want their share. What with their securities markets in the U.S. under attack by commercial banks, The Street can't wait to get into the new world-size game.

"Right now we're just guests in someone else's country and there's no point to rattling the cage," says the London-based partner for one major U.S. investment bank. As Tokyo and London open, Wall Street's first goal is simply to use the opening to sell more foreign securities to its existing U.S. customer base. Later they will concentrate on attracting more foreign customers.

In peddling foreign stocks to Americans, the brokers have their pitch already prepared. Over the last decade both Tokyo and London significantly outperformed the U.S. stock market *(see chart, pp. 106-7)*. According to the London brokerage house of Phillips & Drew, New York posted an average annual equity return of 10.6%, while Tokyo had a return of 13.4% in dollars and London recorded a 13.6% average gain. You can't make money retroactively, of course, and there is no assurance foreign markets will continue to outperform the U.S. market. In fact, the opposite might well be the case. But the past performance does make a nice selling point for American brokers.

Less favorable, however, is the disclosure situation. Foreign disclosure practices aren't up to U.S. standards, and there's no overseas Securities & Exchange Commission for investor protection. One leading Tokyo broker is infamous for running up the price of its "stock-of-the-week," and even in London's staid financial community, bankers readily predict future profits to pump the price in a primary stock offering. The U.S. brokerage houses may get burned here. Remember how the banks got carried away at the prospect of profits in lending abroad?

None of this will deter Wall Street once U.S. firms are no longer effectively barred from holding seats on the London and Tokyo stock exchanges. "Right now we all talk our

The biggest companies aren't always American anymore

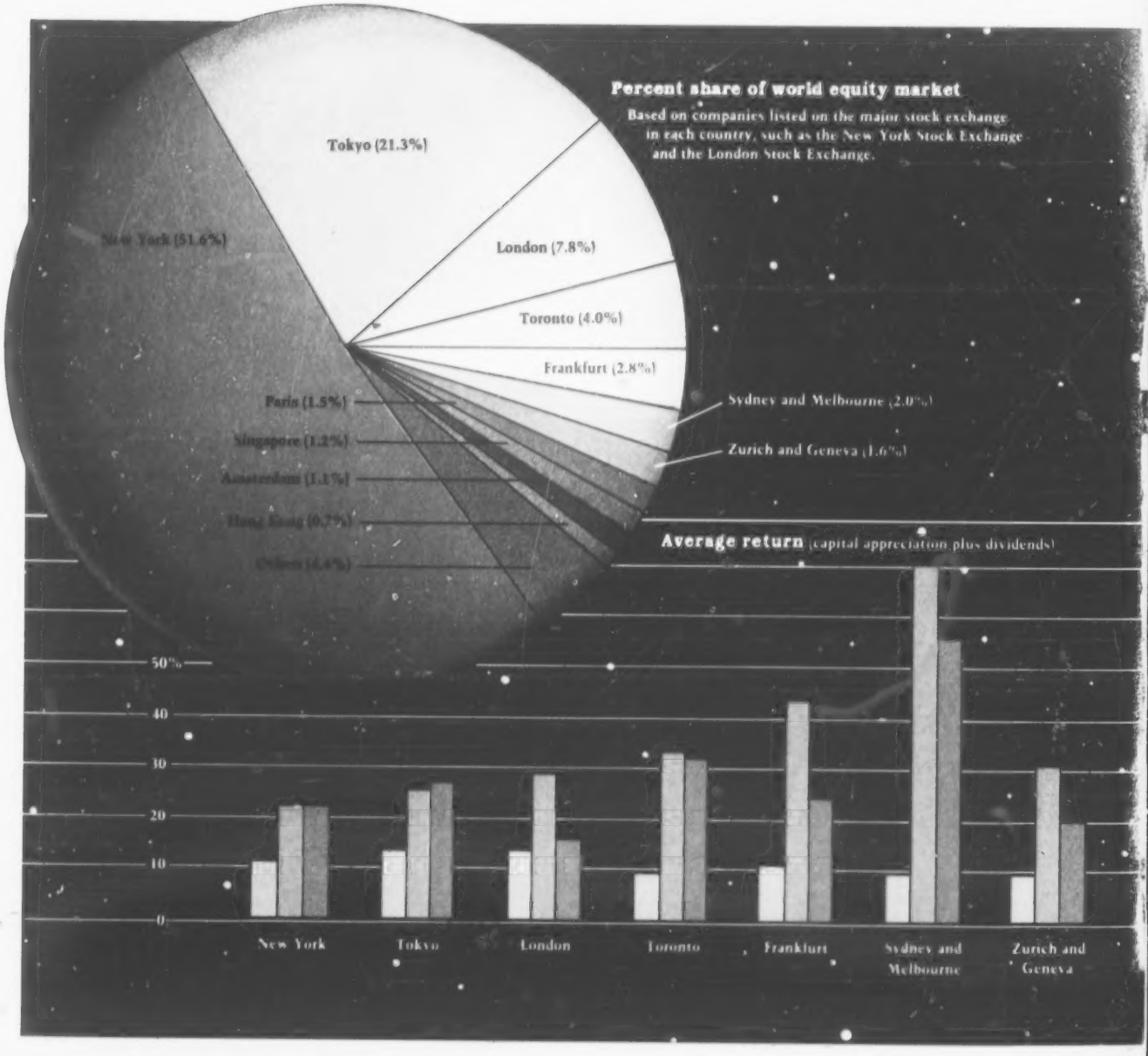
When U.S. securities dealers talk of investing in an industry, they don't consider that some of the biggest or most profitable companies in that industry today may be foreign. Their temptation is always to push the customer into a familiar stock, or trades that they can execute themselves to earn commissions.

	Top 5 companies in U.S.		Top 5 companies in the world	
Rmk	Company	Sales ($millions)	Company	Sales ($millions)
	Automotive			
1	General Motors	$74,582	General Motors	$74,582
2	Ford Motor	44,455	Ford Motor	44,455
3	Chrysler	13,240	Toyota Motor	21,470
4	American Motors	3,272	Nissan Motor	16,309
5			Volkswagen Group	15,701
	Banking (by assets)			
1	Citicorp	$134,655	Citicorp	$134,655
2	BankAmerica	121,176	BankAmerica	121,176
3	Chase Manhattan	81,921	Dai-ichi Kangyo Bank	110,036
4	Manufacturers Hanover	64,332	Fuji Bank	102,979
5	J P Morgan	58,023	Banque Nationale de Paris	101,019
	Chemicals			
1	E I du Pont	$35,173	E I du Pont	$35,173
2	Dow Chemical	10,951	BASF Group	14,824
3	Union Carbide	9,001	Bayer Group	14,623
4	Monsanto	6,299	Hoechst Group	14,565
5	W R Grace	6,219	Imperial Chemical Inds	12,524
	Electrical equipment			
1	General Electric	$26,797	General Electric	$26,797
2	Westinghouse Electric	9,533	Hitachi	18,479
3	Texas Instruments	4,580	Matsushita Electric	16,745
4	Motorola	4,328	NV Philips Lamp	16,181
5	North America Philips	3,800	Siemens Group	15,730
	Food processing			
1	Consolidated Foods	$6,789	Nestlé	$13,312
2	H J Heinz	3,843	Consolidated Foods	6,789
3	Campbell Soup	3,483	Dalgety	4,592
4	United Brands	2,232	Taiyo Fisheries	4,295
5	Castle & Cooke	1,642	Associated British Foods	4,127
	Steel			
1	U S Steel	$16,869	U S Steel	$16,869
2	Bethlehem Steel	4,898	Nippon Steel	11,602
3	Armco	4,165	Thyssen Group	11,306
4	Inland Steel	3,046	Krupp Group	6,765
5	National Intergroup	2,993	Nippon Kokan KK	6,265

own national book," says Bill Hulton, president of Prudential-Bache Securities International. When a broker talks chemicals, he mentions Dow or Union Carbide, not Imperial Chemical Industries of England or Hoechst of Germany, both bigger world players. Says Hulton: "It's no good for us to recommend a British computer company to a U.S. investor and then have to ask a U.K. broker to execute the order. There's a temptation to tell the investor to buy IBM since that's a share order we can execute ourselves and make money on the commission and the trade."

Of course, U.S. investors can already buy some foreign stocks in the U.S., primarily in the form of American Depositary Receipts, which are pieces of paper representing ownership of foreign stock. 19 British and 24 Japanese companies are now actively traded on the New York Stock Exchange or over-the-counter markets. But the markets of Tokyo and London, like New York's, are deeper than two dozen stocks. Moreover, ADR liquidity is much less than underlying shares traded in the home market. "If you owned a big block of Hitachi ADRs [traded on the NYSE] and tried to sell it, well, you could just forget it. The trading in Tokyo is much deeper than New York," says Don Roth, chairman of Merrill Lynch Europe.

For Wall Street, Tokyo and London offer different attractions. In Tokyo, once the foot is in the door, the U.S. brokers will go after a chunk of the total $60 billion pension pool. "Japan is cash-rich now," says Eugene Atkinson, who runs Goldman, Sachs' Tokyo office. "Liquidity is bubbling over here." Japan's Big Four securities firms (Nomura, Daiwa, Nikko and Yamaichi) are a dominating force, but they haven't discovered games like the options market or interest rate swaps yet. So they lack some of Wall Street's shiniest selling tools. "We must catch up," concedes Mamoru Saito of Yamaichi Securities. "To compete internationally, we must upgrade our capabilities." Anybody who knows the Japanese will bet they will catch up. That means Wall Street must move fast, and keep



moving. The recent Japanese promise to expand the yen's international role by allowing more yen-based borrowing will help the change, but only slowly.

The London market will be easier to enter. Unlike Tokyo, where the Big Four take 70% of the market, London's securities industry is fragmented and undercapitalized by U.S. standards. London houses are merging fast in self-defense, but to Wall Street it looks like a turkey shoot.

By the end of next year, London will abolish fixed commissions and allow foreign members on the stock exchange. The rule limiting outside ownership of a stock exchange firm to 29.9% will also be eliminated. That's when Wall Street may try for more major acquisitions in the City, London's financial district. Until then, as Merrill Lynch's Roth says, "you get 29.9% of the profits, but 100% of the headaches."

In Tokyo the pressure to change is political and from the outside, which means the Japanese will give ground slowly. Institutional investors were a major force behind the elimination of high fixed commissions in New York, but not in Tokyo. Mitsubishi Trust, Japan's biggest pension fund manager (it runs $7 billion), pays a commission of 0.55% on its biggest Tokyo trades. That is about double what a New York institution pays. But Mitsubishi doesn't complain. If commissions are freed, the Big Four may try to regain some of the lost revenues by entering Mitsubishi's business, money management, from which Japanese brokers are now banned. Hiroshi Momoi of Mitsubishi Trust says diplomatically: "We respect each other's business." Japanese prefer fighting foreigners to each other.

Still, economic pressures build, even in Tokyo. Last year Japan's corporations went to foreign capital markets for almost half their financing needs, vs. only 28% two years ago. That's business lost from domestic brokers. U.S. investment banks, which have been pounding on the Japanese Ministry of Finance's door to be allowed to sell securities and solicit business in Tokyo, are getting results. Since 1981 the number of foreign firms granted a license to operate in Tokyo has doubled, to ten.

An international equity market already exists. Last year Glaxo, a major British drug company, launched an antiulcer drug (FORBES, *Speculator, May 23, 1983*), which is the big competition to SmithKline's Tagamet, the best-selling drug in the world. Now, on some days, trading in Glaxo is heavier in New York than in London. Last year it was the third most active stock in the New York over-the-counter market, trailing only MCI and Apple Computer. LM Ericsson, Sweden's communications giant, did a record $250 million equity offering in the U.S. last year.

The list is growing. One year ago Bell Canada made a landmark deal, selling $273 million of equity simultaneously in the U.S., Canada and Europe, the first such offering ever. Reuters, the big British news service, last month completed its $310 million initial public offering with a joint sale in London and New York, another first. Even small companies are getting into the act. Louis Vuitton, the little French luggagemaker, recently announced a $20 million initial offering simultaneously on the Paris bourse and on U.S. over-the-counter markets.

So, there's money to be made moving foreign merchandise in the U.S., and vice versa. The money managers are hot for the action. Only 8% of America's 1,600 largest pension funds invested in foreign securities five years ago. Last year the percentage was 19% and by year's end it will be 28%, says Greenwich Research Associates. Dollar commitments in foreign stocks will jump from $8.7 billion last year to $22.8 billion in 1986, Greenwich predicts. Likewise, foreign investors now account for 10% of the NYSE value, the Securities Industries Association reports.

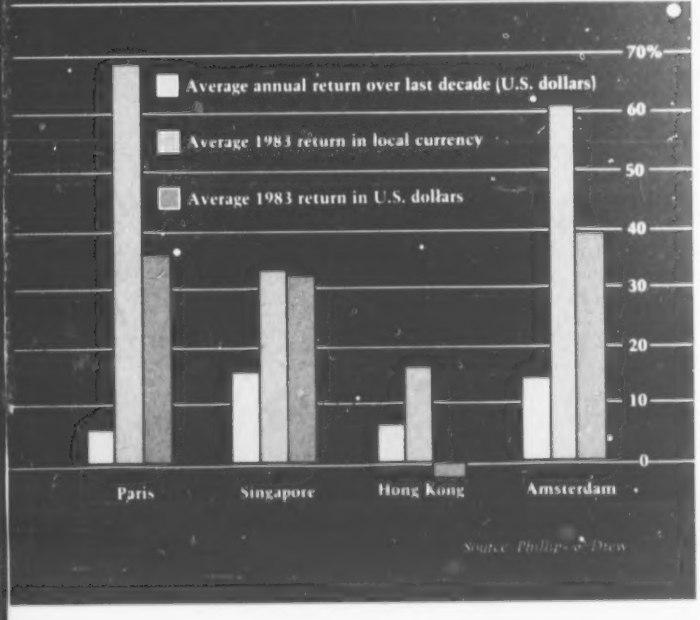
Wall Street is working to build research, particularly in London and Tokyo. Not easy. The trick is finding someone who understands enough Japanese accounting to dissect a balance sheet and who then can make a meaningful comparison of, say, depreciation policies among U.S., U.K. and Japanese pharmaceuticals.

Could the rush overseas prove a debacle? Merrill Lynch's purchase of a stake, now 25%, in Hong Kong broker Sun Hung Kai a couple of years ago came before the collapse of the Hong Kong real estate market. Merrill has watched its overseas pretax profits roll from $44.8 million in 1980 to $10.4 million in 1982, rebounding to $32 million last year.

Masanori Ito, vice chairman of Nomura Securities, says: "We don't make big money outside our domestic market. Nobody does." Ito tells a story about John Gutfreund, co-chairman of Phibro Salomon. "Last year Mr. Gutfreund visited me in Tokyo and said: 'Please teach me how to make money in Tokyo.' I replied: 'I will teach you how to

Stock markets around the world

The New York Stock Exchange accounts for only half of the market value of equities traded on the world's key exchanges, and returns in foreign markets have been higher than on the Big Board. This is one of the attractions of investing in companies abroad for Americans, while foreigners are eager to enter the huge and active U.S. trading arena. One of the dangers of foreign investing is that American securities dealers know little of the companies abroad, and there are few requirements for disclosure of financial information. More dangerous, there is much more of a let-the-buyer-beware approach to securities trading abroad.



Dutch treat

In a market value ranking of the world's stock exchanges, Amsterdam places somewhere above Kuala Lumpur but below Kuwait. Last year Amsterdam listed stocks with a combined market value of $34 billion, about as big as Exxon.

But small can be creative. Want to trade Eurobonds? Those have been the exclusive playground of big institutional investors because the trading unit of $100,000 is too steep for most individuals. In April the Amsterdam bourse started an odd-lot Eurobond market, trading smaller units and giving the individual his first shot at this $46 billion market. Amsterdam also introduced options to Europe a few years back. The London Stock Exchange, five times larger, is just establishing its options market.

The Dutch also started the American Shares in Amsterdam System (ASAS) in 1980. It now boasts more U.S. company listings

Peter Marlens/Magnum

Amsterdam's bourse: world's oldest

than any foreign exchange and has cut the cost of dealing in U.S. shares in half.

"For the continental investor, the best way to invest in the U.S. is to use our system," asserts Baron Van Ittersum, chairman of the Dutch exchange. Amsterdam has a big jump on future competition; patterning itself on the New York Stock Exchange, complete with specialists (called *boekmen* or "hookmen") and similar settlement periods. In Milan, settlement on a trade takes six weeks. In Amsterdam, it would take only five business days.

Why has this exchange, unlike bigger exchanges in Germany, France and Italy, been so aggressive? Amsterdam and London are the only European stock exchanges run by the private sector; all others are government controlled. The Netherlands never suffered from exchange controls, and the international orientation of its big corporations (Philips, Unilever) makes it an eager participant in international capital flows. And the tradition goes way back: When Napoleon balked at taking a 6%, $11 million note from the U.S. for the 1803 Louisiana Purchase, a Dutch bank underwrote the deal, reselling the bonds to Dutch investors.

The Amsterdam Exchange is the world's oldest stock market. What the Dutch lack in size they make up for in experience.—**M.B.**

make money in Tokyo if you teach me how to make money in New York.' Both sides said, 'You first.' "

The point is that foreign dealers have advantages on their home turf. In May United Technologies did a $65 million Samurai bond (yen-denominated bonds issued by a foreign corporation) offering in Tokyo, but Goldman, Sachs and Salomon Brothers had to take a back seat to Daiwa in lead underwriting. Why? "They [the Americans] have no selling power," says Hirotake Fujino of the Ministry of Finance. "He's right," says Eugene Atkinson of Goldman, Sachs in Tokyo. "For the same reason Nomura hasn't developed selling power in New York, we haven't developed selling power here."

But for now, the opportunities seem to outweigh the risks. Morgan Stanley recently announced a 40% increase in its London staff and Goldman, Sachs doubled the size of its London office over the last three years. Foreign brokers that don't have a license to sell securities in Japan do so anyway, in violation of securities law, merely by booking the trades offshore. In Tokyo, one U.S. banker states: "If we're not in the world's second-biggest capital market, our flank is unguarded."

Says Perrin Long, a securities analyst for Lipper Analytical Distributors: "We've got international money markets and international currency markets, and now we're moving to a truly international equity market." ■

Foreign invasion

While U.S. brokers push into foreign markets, overseas houses are also clamoring to get onto Wall Street. U.S. firms are largely building their overseas efforts internally so far, but foreign houses are entering New York via the acquisition route. Below are major foreign acquisitions on Wall Street to date:

Transaction date	Firm	Purchaser	Stake (%)	Price paid (millions)	Price paid/ book value
April 1974 April 1983 June 1984	**AG Becker Paribas**	Compagnie Financière de Paribas	100%[1]	$110E	1.1E
September 1976	**Drexel Burnham Lambert**	Groupe Bruxelles Lambert	35	10E	NA
August 1978	**First Boston**	SA Financière de Crédit Suisse	35	40	1.0[2]
April 1980	**Dillon Read**	Skandinaviska Enskilda Banken	5	5	NA
July 1982	**Smith Barney Harris Upham**	"Arab interests"	25	40	2.0
August 1982	**Oppenheimer**	Mercantile House	100	163	2.7
January 1983 August 1983	**LF Rothschild Unterberg Towbin**	RIT & Northern	50	64	1.8

[1]Announced but still being purchased. [2]Stock swap between First Boston and Crédit Suisse. E: Estimated. NA: Not available.

The year of living dangerously

By Carol E. Curtis

THE STRONG DOLLAR makes it expensive for foreigners to invest in the U.S. That held spending down in 1983, but not now. Chemical Bank economist Gary Smeal, for example, predicts that foreign corporate investment in the U.S. will nearly double in 1984, to $17 billion.

Why? Well, look at what is happening in the banking industry. Already this year, Mitsubishi Bank acquired BanCal Tri-State, which has $3.9 billion in assets. That one deal is as big as all acquisitions by foreign banks during 1983. In addition, the Bank of Montreal is now seeking regulatory approval to buy Harris Bankcorp, twice as large as BanCal Tri-State.

What is happening here is that, in spite of the strong dollar, the temptation is too strong to resist. With banking deregulation, U.S. banks can now expand in a number of new ways, greatly increasing their opportunities to grow. That's something few foreign banks can do at home. "Foreign banks want to share in U.S. banking freedom," says economist Smeal. "And despite the strong dollar, the U.S. is still a very attractive investment climate for them."

The restructuring of many basic manufacturing industries offers foreigners good buying opportunities, too. In April, for example, Japan's Nippon Kokan announced its intention to acquire half of National Intergroup's principal subsidiary, National Steel, for $292 million. Regardless of the price, the Japanese recognize the need for protecting their American markets by manufacturing here.

So, the internationalization of world business grows apace. Even as foreigners expand here, U.S. firms can be expected to step up their expansion abroad.

The accompanying tables reflect last year's recession, however. As the dollar rose and business lagged overseas, direct U.S. overseas investments increased only moderately in 1983, to nearly $230 billion, from $221 billion in 1982. The slim advance reversed a 1982 decline, but it is far less than the 10% annual hikes prevailing during the 1970s.

Foreign direct investment in the U.S. was similarly disappointing. It rose a modest $9.5 billion, to $111 billion. But in manufacturing, foreign investment in the U.S. rose from $2.4 billion in 1982 to $2.9 billion last year, reflecting such sizable acquisitions as Canadian-based Seagram's purchase of Coca-Cola's winemaking operations ($200 million) and Finnish firm Hutamaki Group's acquisition of a candymaking division of Beatrice Foods ($123 million).

For 1984 the outlook is bright, and not only in manufacturing. Foreign economies are already recovering. And the dollar seems likely to remain stable or to fall, which would make U.S. investments cheaper for foreigners and make overseas earnings of U.S. multinationals more valuable. In economics, if not in politics, it's one world now. That is becoming more obvious every day.

Strong dollar doldrums

THERE WEREN'T MANY new investments by foreigners in the U.S. last year, and for good reasons. A strong dollar made purchases by foreign buyers unusually expensive. At the same time, the prolonged recession was battering economies in most countries where major foreign investors are situated.

There are still notable changes in this roster. New names include two Japanese banks: Fuji and Mitsubishi, both encouraged to expand by financial deregulation. Another newcomer is Australia's Broken Hill Proprietary Co. Ltd., an energy concern, which recently bought Utah International from General Electric.

Canadians continue to be the largest foreign investors in the U.S. Their holdings account for 22% of the total revenues on this list. Close behind is the U.K., with 19%. Next is the Netherlands, with 14%. Japan is well down in the ranks, with less than 7%.

What U.S. investments attract foreigners? Energy, chemicals, insurance and metals are well represented. But banking and financial services are gaining favor.—C.E.C.

THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
1	**Seagram Co Ltd**[1]	Canada	Joseph E Seagram & Sons	100%	spirits, wines	$ 1,480	$ 271.3	$ 4,780
			El du Pont de Nemours[1]	21	chemicals, energy	35,173	1,127.0	24,432
						36,653		
2	**Anglo Amer of S Africa**[1]	South Africa						
	Minerals & Resources[1]	Bermuda	Phibro-Salomon[1]	21	metal trading, brokerage	29,757	470.0	42,017
			Engelhard Corp[1]	29	metals	2,099	73.5	889
			Inspiration Res (US)[1]	60	mining, chemicals	476	NA	707
	Charter Consol[1]	UK	Natl Mine Service[1]	51	mining equipment	85A	NA	86
						32,417		
3	**Royal Dutch/Shell Group**[1]	Netherlands/ UK	Shell Oil	69	energy	19,678	1,633.0	22,169
			Scallop Corp	100	energy			
			Billiton Exploration	100	metals			
			Billiton Metals	100	metals	1,300	NA	NA
			Ocean Minerals	100	metals			
						20,978		
4	**British Petroleum Plc**[1]	UK	Standard Oil Ohio[1]	53	energy	11,599	1,512.0	16,362
			BP North America	100	energy	NA	NA	NA
						11,599		
5	**Mitsui & Co Ltd**[1]	Japan	Mitsui & Co USA	100	trading company	8,035E	NA	2,046
			Alumax	50	aluminum	1,510	71.4	1,512
						9,545		
6	**B.A.T Industries Plc**[1]	UK	BATUS	100	paper, retailing, tobacco	5,524	258.6	3,903
	Imasco Ltd[1]	Canada	Hardee's Food Systems	100	fast food	807	NA	364
			Peoples Drug Stores	96	drug stores	791	13.7	229
						7,122		
7	**Flick Group**	Germany	WR Grace[1]	28	multicompany	6,219	159.7	5,035
8	**Tengelmann Group**	Germany	Great A&P Tea[1]	51	supermarkets	5,222	31.4	1,200
9	**Régie Nationale des Usines Renault**	France	American Motors[1]	46	automotive	3,272	–146.7	1,724
			Mack Trucks[1]	46	automotive	1,217	–26.2	973
						4,489		
10	**Brascan Ltd**[1]	Canada	Scott Paper[1]	24	paper products	2,465	123.7	2,723
	Noranda Mines Ltd[1]	Canada	Noranda Inc	100	aluminum	1,023	NA	1,311
	MacMillan Bloedel[1]	Canada	MacMillan Bloedel	100	forest products	763	NA	339
						4,251		
11	**Beneficiaries of US Philips Trust**	Netherlands	North American Philips	59	electronics	3,800	95.7	2,252
			Signetics	100	semiconductors	450	NA	NA
						4,250		

[illegible]

THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
12	**Générale Occidentale SA**	France	Grand Union	100%	supermarkets	$3,519	$ 0.2	$ 765
13	**Volkswagenwerk AG**[1]	Germany	Volkswagen of Amer	100	automotive	2,992	16.3	NA
			Royal Business Machines	100	office equipment	500E	NA	NA
						3,492		
14	**Bayer AG**[1]	Germany	Mobay Chemical	100	chemicals	1,306	36.2	1,168
			Miles Laboratories	100	health care	1,115	35.5	986
			Compugraphic[1]	79	computer typesetting	306	13.8	268
			Agfa-Gevaert	100	photographics	350E	NA	130E
			Helena Chemical	100	chemicals	340E	NA	102
			Haarmann-Reimer	100	chemicals	28	NA	NA
						3,445		
15	**Mitsubishi Corp**[1]	Japan	Mitsubishi Intl Corp	100	trading company	3,165	NA	NA
16	**Unilever NV**[1]	Netherlands	Thomas J Lipton	100	food	1,006	64.5	637
			Lever Brothers	100	consumer goods			
			National Starch & Chem	100	adhesives, starch	2,113[2]	NA	NA
						3,119		
17	**Nestlé**	Switzerland	Nestlé Enterprises	100	food, restaurants	2,500E	NA	NA
			Alcon Laboratories	100	drugs	200E	NA	NA
						2,700E		
18	**Midland Bank Plc**	UK	Crocker National[1]	57	banking	2,560	–10.4	23,393
19	**Hanson Trust Plc**[1]	UK	US Industries	92	bldg prods, consumer goods	1,076	33.7	689
			Interstate United	100	food services	371	12.2	53
			Hygrade Food Products	100	meat processors	297	10.3	39
			Endicott Johnson	100	shoe mfg, retailing	278	27.1	NA
			Other companies	100	hand tools, fabrics	339	30.7	NA
						2,361		
20	**Bell Canada Enterpr**[1]	Canada						
	Northern Telecom Ltd[1]	Canada	Northern Telecom	100	telecommunications	1,531	NA	1,024
	Trans Canada Pipeline[1]	Canada	Great Lakes Transmsn	50	gas pipeline	312	17.5	398
			Northern Border Pipeline	30	gas pipeline	352	NA	NA
						2,195		
21	**Hongkong & Shanghai Banking Corp**[1]	Hong Kong	Marine Midland Banks[1]	51	banking	2,156	101.1	22,872
22	**CIBA-GEIGY Ltd**	Switzerland	CIBA-GEIGY Corp	100	chemicals, drugs	2,054	NA	1,528
			ILFORD Corp	100	photographic equip	50E	NA	NA
						2,104		
23	**Petrofina SA**	Belgium	American Petrofina[1]	76	energy	2,069	55.3	1,399
24	**Française des Pétroles**	France						
	Total Petrol NA Ltd[1]	Canada	Total Petroleum	100	energy	2,034	NA	791
25	**George Weston Ltd**[1]	Canada	Interbake Inc	100	biscuits			
			Stroehmann Brothers	100	bakery	435	NA	NA
			Eastern Fine Paper	100	paper products			
	Loblaw Cos[1]	Canada	Peter J Schmitt	100	food wholesaling			
			National Tea	100	supermarkets	1,598	NA	NA
						2,033		
26	**Nippon Kokan**	Japan	National Steel	50	steel	1,964	NA	NA
27	**BASF AG**[1]	Germany	BASF Wyandotte	100	chemicals	1,034	16.8	726
			Badische Corp	100	chemicals, fibers	671	22.1	513
			BASF Systems	100	magnetic media	110	NA	82
			Fritzsche Dodge & Olcott	100	flavors & fragrances	68	NA	129
			Knoll Pharmaceutical	100	drugs	70	NA	26
						1,953		

[illegible] traded on the [illegible] [illegible] Alike. [illegible] North American operations. [illegible] Includes full-year estimate for Decmar Trilling. E Estimate. A Annualized. NA Not available.
Note: Some foreign investments are the result of [illegible] companies and thereby [illegible] companies in sales.

THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
28	**Canadian Pacific Ltd**[1]	Canada	Soo Line Railroad[1]	56%	railroad	$ 293	$13.7	$ 582
	Canadian Pacific Entrpr	Canada	Canadian Pacific Entrpr	100	agric prods, minerals	1,577	-13.6	1,663
						1,870		
29	**Kuwait Petroleum**	Kuwait	Santa Fe Intl (KPC)	100	energy	1,869	-29.0	4,073
30	**Elf Aquitaine Group**	France	Elf Aquitaine Inc	100	chems, energy, mining	1,700	NA	3,191
			Other companies	58-100	drugs, chems, bldg matls	100E	NA	60E
						1,800		
30	**Schlumberger NV**[1]	Neth Antilles	Schlumberger Technology	100	oilfield svcs, electronics	1,800[2]	NA	2,000
32	**Delhaize Le Lion SA**	Belgium	Food Lion[1]	51	supermarkets	1,172	27.7	274
			Food Giant	100	supermarkets	600E	NA	NA
						1,772E		
33	**Hoechst AG**[1]	Germany	American Hoechst	100	chemicals	1,625	35.5	1,240
34	**Commercial Union Assurance Plc**	UK	Commercial Union Ins	100	insurance	1,575	-107.0	2,687
35	**Dalgety Plc**	UK	Martin-Brower Co	100	distribution	1,500	NA	180
			Modern Maid Food	100	food products	35	NA	16
			Pig Improvement Co	100	pig breeding	21	NA	8
						1,556		
36	**Barclays Bank Plc**	UK	Barclays American	100	financial services			
			Barclays Bank NY	100	banking	1,537	1.5	13,082
			Barclays Bank Calif	100	banking			
37	**BTR Plc**[1]	UK	BTR Inc[1]	100	energy, industrial equip	1,500E	NA	NA
38	**Financière Crédit Suisse-First Boston**	Switzerland	First Boston[1]	35	investment banking	1,482	80.2	22,003
39	**Alcan Aluminium Ltd**[1]	Canada	Alcan Aluminum	100	aluminum	1,476	24.0	802
40	**Royal Insurance Plc**	UK	Royal USA	100	insurance	1,439	-17.0	2,500
41	**Imperial Group Plc**[1]	UK	Howard Johnson	100	hotels, restaurants	751	NA	NA
			Country Poultry	50	poultry supplier	650E	20.0E	140E
			Lea & Perrins	86	sauces	NA	NA	NA
						1,401		
42	**Vendex International BV**	Netherlands	Dillard Dept Stores[1]	51	retailing	847	34.1	451
			HJ Wilson Co[1]	21	retailing	514	8.8	351
						1,361		
43	**Siemens AG**[1]	Germany	Siemens Capital Corp	100	medical, electronics			
			Siecor Inc	50	telephone, fiber optics	1,355	NA	NA
			Siemens Components	100	semiconductors			
			Siemens-Allis	88	power engineering			
			Other companies	100	communications			
44	**AEGON NV**	Netherlands	Life Investors[1]	68	insurance	606	26.0	1,628
			National Old Line	100	insurance	70	15.0	278
	Crownx	Canada	Annapolis Life Ins	100	insurance	653	NA	NA
			Coronet Life Ins	100	insurance			
						1,329		
45	**Henkel KGaA**	Germany	Henkel Corp	100	chemicals	401	NA	422
			Amchem Products	100	chemicals			
			Clorox[1]	23	household products	914	65.5	604
						1,315		

[illegible]

THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
46	**Ahold NV**[1]	Netherlands	BI-LO	100%	supermarkets	$ 919	NA	NA
			Giant Food Stores	100	supermarkets	375	NA	NA
						1,294		
47	**Alusuisse**	Switzerland	Maremont	100	auto parts			
			Consol Aluminum	92	aluminum	1,248	NA	NA
			Lonza	100	aluminum, electrodes			
48	**Moore Corp Ltd**[1]	Canada	Moore Business Forms	100	business forms			
			Other companies	100	packaging	1,216	NA	$ 663
49	**Thyssen Group**	Germany	Budd Co	100	auto parts, RR equip	1,215	NA	NA
50	**Imperial Chemical Inds**[1]	UK	ICI Americas	100	drugs, chemicals	1,200	NA	NA
50	**Akzo NV**[1]	Netherlands	Akzona	100	chemicals, fibers	1,100	NA	NA
			Other companies	100	drugs, chemicals	100		
						1,200		
52	**Ultramar Plc**[1]	UK	Ultramar America Ltd	100	energy	1,187	NA	597
53	**Northern Foods Plc**	UK	Bluebird Inc	100	meat products			
			Keystone Foods	80	meat and poultry	1,173	NA	NA
54	**Franz Haniel & Cie**	Germany	Scrivner Inc	100	wholesale distribution	1,172	$ 13.0	184
55	**Pilkington Brothers Plc**	UK	Libbey-Owens-Ford[1]	30	glass	1,168	40.4	838
			CemFIL	90	building materials	NA	NA	NA
			Solec Intl	80	photo-optical	NA	NA	NA
						1,168		
56	**Grand Metropolitan Ltd**[1]	UK	GrandMet USA	100	tobacco, drinks, food	1,159	84.4	1,215
57	**Consolidated Gold Fields Plc**[1]	UK	Gold Fields American	100	steel, mining	428	–22.9	875
			Newmont Mining[1]	25	mining	721	52.9	2,091
						1,149		
58	**The BOC Group Plc**[1]	UK	The BOC Group, Inc	100	gases	1,080	48.8	1,683
			Mountain Medical Equip[1]	52	medical equipment	30	4.4	31
						1,110		
59	**Manufacturers Life Insurance**	Canada	Manufacturers Life Ins	100	insurance	1,100E	NA	3,481
60	**Thyssen-Bornemisza NV**	Netherlands	Thyssen-Bornemisza	100	diversified manufacturer	1,059	NA	NA
61	**Saint-Gobain**[1]	France	CertainTeed Corp[1]	57	building supplies	1,041	33.2	745
62	**Genstar Ltd**[1]	Canada	Genstar USA	100	bldg materials, RE devel	898	NA	979
			Genstar Mortgage	100	financial services	129	NA	409
						1,027		
63	**Canada Development Corp**	Canada	Savin Corp[1]	57	office equipment	396	–61.0	364
			Polysar Inc	100	petrochemicals	445	12.0	165
			Other companies	100	energy	162	NA	224
						1,003		
64	**General Electric Plc**[1]	UK	AB Dick	100	office equipment	300E	NA	NA
			Picker International	80	medical equip & systems	700E	NA	NA
						1,000E		
64	**Roche/Sapac**	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,000E	NA	NA
66	**Trade Development Bank Holding**	Luxembourg	Republic NY Corp[1]	57	banking	990	84.7	10,119

[1] Publicly traded in the U.S. or Canada. E Mike Smith Associates' estimate. [2] Unaudited year supplied by Business Editor. E Estimate. A Annualized. NA Not available. Note: Some foreign investors in the top 100 own U.S. companies although through investments smaller

THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
67	**General Accident Fire & Life Plc**	UK	Gen Accident Ins Am	100%	insurance	$956	$79.5	$2,080
			Camden Fire Insurance	100	insurance			
			Penn Gen Insurance	100	insurance			
			Potomac Ins of Illinois	100	insurance			
68	**Beecham Group Plc**[1]	UK	Beecham	100	drugs, consumer prods	950	NA	800
			Beecham Cosmetics	100	cosmetics, fragrances			
			DAP	100	sealants			
69	**Sandoz Ltd**	Switzerland	Sandoz United States	100	food, drugs, chemicals	902	NA	NA
			Ex-Lax Pharmaceutical	100	health care			
70	**Six European Banks**	6 countries	European Amer Bancorp	100	banking	895	19.2	8,713
71	**Power Corp of Canada**	Canada	Great-West Life Assur	97	insurance	890E	NA	3,129E
72	**Bank of Tokyo Ltd**[1]	Japan	Bank of Tokyo Trust	100	banking	388	13.2	4,505
			California First Bank[1]	76	banking	468	18.2	4,347
						856		
73	**Swiss Reinsurance Co**	Switzerland	North Am Reinsurance	100	insurance	855	26.7	2,494
			North Am Reassurance	100	insurance			
			SwissRe Life Insurance	100	insurance			
			Other companies	100	insurance			
74	**United Biscuits (Holdings) Plc**	UK	Keebler	100	baked goods	752	NA	NA
			Specialty Brands	100	food products	86	NA	NA
						838		
75	**Fujitsu Ltd**[1]	Japan	Amdahl[1]	48	computers	778	46.5	724
76	**Electrolux AB**	Sweden	Dometic Inc	100	appliances	773	NA	416
77	**Bowater Corp Plc**[1]	UK	Bowater Inc[1]	75	newsprint	772	38.0	935
78	**Sun Life Assurance Co of Canada**	Canada	Sun Life Assur (US)	100	insurance	754	NA	3,000
			Suncan Equity Svces	100	financial services			
			Suncan Benefit Svces	100	financial services			
			Mass Financial Svces	100	financial services			
79	**Daimler-Benz Group**	Germany	Freightliner	100	automotive	750E	NA	NA
80	**Olympia & York Developments Ltd**	Canada	Abitibi-Price[1]	94	forest products	218	NA	158
			Landmark Land[2]	24	recreation	169	10.5	986
			Trizec Corp Ltd[1]	37	property development	168	NA	NA
			Rouse[1]	25	property develop, banking	191	10.2	716
						746		
81	**Standard Chartered Bank Group**	UK	Union Bank	100	banking	734	38.6	7,923
82	**National Westminster Bank Plc**	UK	Natl Westminster Bank US	100	banking	729	25.3	7,471
83	**Competrol (BVI) Ltd**	Saudi Arabia	Donaldson, Lufkin[1]	23	financial services	723	24.0	5,445
84	**Nationale-Nederlanden NV**	Netherlands	GeorgiaUS	100	insurance	343	32.2	1,352
			Peerless/Netherlands	100	insurance	172	8.0	275
			Security Life Denver	100	insurance	152	13.2	609
			Wisconsin Natl Life	100	insurance	41	4.7	155
			Midwestern United Life	100	insurance	NA	NA	NA
						708		
85	**Rio Tinto-Zinc Plc**[1]	UK	US Borax & Chemical	100	chemicals	360E	NA	330E
			Indal US[1]	56	building products	324	NA	200
						684		

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THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
86	**Lama Holdings**	Mideast	Smith Barney	23%	financial services	$671	NA	$1,993
87	**Allianz Versicherungs AG**	Germany	Allianz of America	100	insurance	493	NA	1,700
			Munich America Reins	100	insurance	118	$ 1.8	356
			Munich America Reass	100	insurance	40	0.3	83
						651		
88	**IFI International SA**	Luxembourg	Moog Automotive	100	auto parts			
			Chicago Rawhide	100	auto parts			
			River Cement	46	cement	650	NA	NA
			Income International	100	industrial components			
			Hercules Cement	46	cement			
88	**Canadian Imperial Bank of Commerce**[1]	Canada	Canadian Imperial Bank of Commerce	100	banking	650E	NA	5,370E
90	**Sobey Group**	Canada	Hannaford Brothers[1]	25	food distribution	624	9.6	151
91	**Otto Versand**	Germany	Spiegel Inc	100	catalog retailing	612	12.3	520
92	**Davy Corp**	UK	Davy Inc	100	construction, engineering	601	–6.9	213
93	**Sony Corp**[1]	Japan	Sony Corp (US)	100	consumer electronics	600E	NA	NA
94	**Jefferson Smurfit Group Ltd**	Ireland	Jefferson Smurfit Corp[1]	78	packaging	599	10.1	341
95	**Cadbury Schweppes**[1]	UK	Cadbury Schweppes US	100	food	569	NA	368
95	**Syntex**[2]	Panama	Syntex	100	drugs	569	NA	450
97	**Volvo AB**	Sweden	Volvo White Truck	100	automotive	393	–14.0	191
			Hamilton Bros Petrol[1]	49	energy	152	13.6	537
						545		
98	**Matsushita Electric Industrial Co**[1]	Japan	Matsushita Electric	100	electronics	540E	NA	1,000E
98	**Winterthur Swiss Insurance**	Switzerland	Republic Finl Services	100	insurance	540	29.4	1,005
100	**Pechiney Ugine Kuhlmann**	France	Pechiney Corporation	100	engine castings	532	NA	540

AND THE 25 RUNNERS-UP

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
101	**Steinberg Inc**[1]	Canada	Smitty's Super Valu	100%	supermarkets	$530	$17.8	$174
102	**Ivaco**	Canada	Laclede Steel[1]	51	steel	190	2.8	136
			Atlantic Steel	100	steel			
			Capitol Wire & Fence	100	steel			
			Florida Wire & Cable	84	steel	335	NA	291
			Other companies	60-100	steel			
						525		
103	**International Thomson Organisation Ltd**	UK	International Thomson	100	publishing, energy	513	NA	543
103	**THORN EMI Plc**	UK	THORN EMI (US)	100	music, film, electronics	513[3]	NA	NA

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AND THE 25 RUNNERS-UP

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
105	**Etablissements Economiques du Casino**	France	Thriftimart[1]	87%	supermarkets	$503	$ 5.0	$ 99
106	**Babcock Intl Plc[1]**	UK	ACCO/Babcock	100	diversified mfg	500E	NA	NA
106	**Broken Hill Proprietary Co Ltd**	Australia	Utah Intl (US)	100	energy	500E	160.0E	NA
108	**Hawker Siddeley Group Plc[1]**	UK	Onan	37	engines	250E	NA	200E
			FASCO	100	electrical equipment	188	NA	NA
			Lister Diesels	100	engine assembly	13	NA	9
	Carlton Inds	UK	KW Battery	100	industrial batteries	NA	NA	NA
	Hawker Sid. Canada[1]	Canada	Other companies	100	sawmill & mining equip	46	NA	32
						497E		
109	**Fuji Bank Ltd[1]**	Japan	Walter E Heller &Co	100	finance	490	−13.0	3,672
			WE Heller Overseas	100	finance			
110	**ASEA Group**	Sweden	ASEA (North America)	100	elec & industrial equip	479[2]	NA	NA
111	**Mitsubishi Bank Ltd[1]**	Japan	Mitsubishi BankCalif	100	banking	51E	NA	741
			BanCal Tri-State	100	banking	427	27.8	3,867
						478		
112	**Rhône-Poulenc SA**	France	Rhône-Poulenc Inc	100	chemicals	290	NA	NA
			Dysan Corp[1]	20	data processing equipment	180	48.9	241
						470		
113	**AMEV NV**	Netherlands	TIME Insurance	100	insurance	282	11.9	361
			American Security Ins	100	insurance	99	11.0	234
			United Family Life Ins	100	insurance	60	5.1	230
			Other companies	100	consumer finance, leasing	25	3.0	78
						466		
114	**Guest, Keen & Nettlefolds[1]**	UK	Guest, Keen & Nettlefolds	100	automotive, distribution	460	NA	NA
115	**L'Air Liquide[1]**	France	Liquid Air Corp[1]	78	industrial gases	459	23.9	536
116	**Inco Ltd[1]**	Canada	International Nickel	100	metal			
			Huntington Alloys	100	metal	457	NA	423
			Inco United States	100	metal			
117	**T Frederick Olsen**	Norway	Timex	100	watches	435E	NA	300E
117	**Solvay & Cie SA**	Belgium	Soltex Polymer	100	chemicals	435E	NA	350E
119	**Promodes**	France	Red Food Stores	100	supermarkets	407	NA	NA
120	**Thomas Nationwide Transport Ltd**	Australia	Trans Freight Lines	80	shipping	198	−16.7	41
			Pilot Freight Carriers	100	trucking	170	−9.0	43
			Other companies	80-100	shipping	37	−9.0	174
						405		
121	**Fiat SpA**	Italy	Fiat-Allis	88	construction equipment	206	−30.3	207
			Hesston Corp[1]	50	agricultural equipment	198	1.6	142
						404		
122	**Sanyo Electric Co Ltd[1]**	Japan	Sanyo Manufacturing	94	electronics, appliances	332	3.0	97
			Sanyo E&E	100	electronics, appliances			
			Fisher Corp	100	electronics	70	NA	NA
						402		
123	**SKF AB**	Sweden	SKF Industries	100	bearings, auto parts	393	NA	NA
124	**Allied Irish Banks Ltd**	Ireland	First Maryland Bancorp[1]	43	banking	387	18.1	3,655
125	**Lafarge Coppée**	France	General Portland	100	cement	385	NA	507

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Better late than never

THE U.S. ECONOMY may have rebounded last year, but that had little effect overseas. The recovery lagged in Asia and didn't reach Europe until the fourth quarter. So, multinationals tended to perform less well than their domestic competitors.

The numbers tell much of the story. Total revenues for the 100 firms in this group, an impressive $1.2 trillion, fell slightly during the year. But their foreign operations specifically took even more of a beating. Those sales dropped by over 8%, to $422 million.

Some well-known names are also gone from this list: Getty disappears because of its acquisition by Texaco. Armco, Combustion Engineering and Ingersoll-Rand didn't make the cut because of sales declines. But there are some impressive newcomers, too: Signal Cos. now ranks 61st, with $1.6 billion in foreign sales. Charter Co. ranks 81st, with $1.2 billion. And Abbott Laboratories ranks 113th, with $820 million.

Falling energy prices also had an effect on this list. International oil companies are the largest multinational group, and their foreign operations did poorly in 1983. Industry-wide, for example, overseas revenues fell 14%. In addition to the fact that prices were falling, demand was sluggish. And there was a major cutback in refining and marketing.

Of course, the situation could be very different in 1984. If resurgent foreign economies post stronger gains than the U.S., and the dollar declines, multinationals could turn in unusually impressive performances.—**C.E.C.**

THE 100 LARGEST U.S. MULTINATIONALS

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profit as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
1	**Exxon**	$61,815	$88,651	69.7%	$2,913	$5,390	54.0%	$28,297	$62,963	44.9%
2	**Mobil**	32,629[1]	55,609[1]	58.7	1,010[2]	1,503[2]	67.2	16,529	35,072	47.1
3	**Texaco**	25,157	40,068	62.8	900[2]	1,233[2]	73.0	10,376	27,199	38.1
4	**Phibro-Salomon**	20,100	29,757	67.5	235[2]	470[2]	50.0	5,000	42,017	11.9
5	**IBM**	17,058	40,180	42.5	2,142[2]	5,485[2]	39.1	15,121	37,243	40.6
6	**Ford Motor**	16,080	44,455	36.2	351[2]	1,867[2]	18.8	13,723	23,869	57.5
7	**General Motors**	14,913	74,582	20.0	258[2]	3,730[2]	6.9	11,422	45,694	25.0
8	**Gulf**	11,535	26,581	43.4	604[2]	978[2]	61.8	7,240	20,964	34.5
9	**Standard Oil Calif**	10,952	27,342	40.1	755[2]	1,590[2]	47.5	8,678	24,010	36.1
10	**El du Pont de Nemours**	10,816	35,173	30.8	436[3]	1,638[3]	26.6	6,778	24,432	27.7

[1]Includes other income. [2]Net income. [3]Operating income after taxes. [4]Estimate. [5]Average assets. [6]Includes proportionate interest in unconsolidated subsidiaries or investments. [7]Profit before interest and after taxes. [8]Excludes Canada. [9]Pretax income. [10]Profit before equity in net income of unconsolidated subsidiaries. [11]Continuing operations before taxes. D/P: Deficit over profit. P/D: Profit over deficit. NA: Not available.

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Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profit as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
11	Citicorp	$9,650[4]	$17,037	56.6%	$468[2]	$860[2]	54.4%	$75,553[5]	$127,923[5]	59.1%
12	ITT[6]	7,808	20,249	38.6	692	1,201	57.6	9,619	30,612	31.4
13	BankAmerica	5,943	13,299	44.7	185[2]	390[2]	47.4	49,381[5]	123,045[5]	40.1
14	Dow Chemical	5,726	10,951	52.3	382	516	74.0	5,333	11,981	44.5
15	Standard Oil Indiana	5,363[1]	27,937[1]	19.2	663[2]	1,868[2]	35.5	6,498	25,805	25.2
16	Chase Manhattan	4,943	8,523	58.0	181[2]	430[2]	42.1	46,350	81,920	56.6
17	General Electric	4,758[1]	27,681[1]	17.2	358[2]	2,024[2]	17.7	5,322	23,288	22.9
18	Occidental Petroleum	4,544[1]	19,709[1]	23.1	310[3]	844[3]	36.7	2,300	11,775	19.5
19	Safeway Stores	4,528	18,585	24.4	84[2]	183[2]	45.9	1,099	4,174	26.3
20	Sun Co	4,282[1]	14,928[1]	28.7	70[7]	558[7]	12.5	2,542	12,466	20.4
21	Procter & Gamble	3,685	12,452	29.6	105[2]	866[2]	12.1	1,614	8,135	19.8
22	J P Morgan	3,446	5,764	59.8	250[2]	460[2]	54.3	30,642	58,023	52.8
23	Xerox	3,393	8,464	40.1	157[2]	466[2]	33.7	3,681	9,297	39.6
24	Eastman Kodak	3,270	10,170	32.2	59	1,027	5.7	2,871	10,928	26.3
25	Sears, Roebuck	3,246	35,883	9.0	−17[2]	1,301[2]	D/P	2,064	46,176	4.5
26	Goodyear	3,064	9,736	31.5	191	766	24.9	2,119	5,986	35.4
27	United Technologies	3,056	14,669	20.8	132[2]	509[2]	25.9	2,380	8,720	27.3
28	Manufacturers Hanover	2,948	6,596	44.7	164[2]	337[2]	48.7	29,101	64,332	45.2
29	Phillips Petroleum	2,857	15,249	18.7	1,323	2,571	51.5	2,810	13,094	21.5
30	Union Carbide	2,812	9,001	31.2	264	678	38.9	3,121	10,295	30.3
31	Dart & Kraft	2,809	9,714	28.9	340	952	35.7	1,268	5,418	23.4
32	Coca-Cola	2,758	6,829	40.4	572	993	57.6	1,500	5,228	28.7
33	Pan Am World Airways	2,673	3,789	70.5	241	51	472.5	NA	2,910	NA
34	Colgate-Palmolive	2,656	4,865	54.6	182	381	47.8	1,060	2,664	39.8
35	CPC International	2,485	4,011	62.0	242	392	61.7	1,526	2,483	61.5
36	American Express	2,459	9,770	25.2	379	685	55.3	15,613	43,981	35.5
37	Minn Mining & Mfg	2,444	7,039	34.7	301	1,139	26.4	1,683	5,760	29.2
38	Allied Corp	2,441	10,022	24.4	737	1,105	66.7	1,651	7,647	21.6
39	Tenneco	2,417	14,449	16.7	245	1,604	15.3	2,533	17,994	14.1
40	Johnson & Johnson	2,362	5,973	39.5	444	901	49.3	1,702	4,461	38.2
41	Nabisco Brands	2,330	5,985	38.9	217	694	31.3	1,567	3,626	43.2
42	F W Woolworth	2,293	5,456	42.0	124	308	40.3	977	2,364	41.3
43	Bankers Trust New York	2,110	3,852	54.8	101[2]	254[2]	39.8	19,052	40,003	47.6
44	GTE	2,059	12,944	15.9	36[2]	957[2]	3.8	3,464	24,223	14.3
45	Beatrice Foods	2,057	9,327	22.1	153	808	18.9	955	4,464	21.4
46	American Brands[6]	1,903	5,018	37.9	183	851	21.5	1,364	6,690	20.4
47	Chemical New York	1,882	4,903	38.4	129[2]	306[2]	42.2	19,137	51,165	37.4
48	Fluor	1,851	5,301	34.9	171	274	62.4	902	4,085	22.1
49	American Intl Group	1,843[8]	3,997	46.1	303[8]	473	64.1	4,317[8]	10,556	40.9
50	Pfizer	1,800	3,750	48.0	366	798	45.9	1,627	3,936	41.3

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51	Atlantic Richfield	$1,782	$25,147	7.1%	$ 9[2]	$1,548[2]	0.6%	$2,009	$23,282	8.6%
52	Hewlett-Packard	1,775	4,710	37.7	207[9]	728[9]	28.4	1,107	4,161	26.6
53	Burroughs	1,767[1]	4,390[1]	40.3	334	480	69.6	1,420	4,098	34.7
54	General Foods	1,724	8,600	20.0	113	715	15.8	887	4,432	20.0
55	NCR	1,718	3,731	46.0	235	555	42.3	1,330	3,560	37.4
56	Monsanto	1,703	6,299	27.0	206	640	32.2	1,171	6,427	18.2
57	K mart[6]	1,693	19,479	8.7	28[2]	492[2]	5.7	624	8,359	7.5
58	Halliburton	1,676	5,522	30.4	212	501	42.3	1,968	5,834	33.7
59	Unocal	1,669[1]	10,210[1]	16.3	91[2]	626[2]	14.5	1,469	9,228	15.9
60	Sperry	1,668	5,076	32.9	166	378	43.9	1,739	5,330	32.6
61	Signal Cos	1,617	6,151	26.3	–18[10]	89[10]	D/P	590	5,203	11.3
62	Chrysler	1,598	13,240	12.1	61[11]	704[11]	8.7	1,224	6,772	18.1
63	R J Reynolds Inds	1,541	10,371	14.9	216[11]	1,587[11]	13.6	1,486	9,874	15.0
64	Continental Illinois	1,524	4,381	34.8	8[2]	101[2]	7.9	16,200[4]	42,097	38.5
65	Digital Equipment	1,502	4,272	35.2	197	363	54.3	1,376	4,541	30.3
66	Honeywell	1,488	5,753	25.9	132	415	31.8	1,141	4,675	24.4
67	First Chicago	1,448	3,675	39.4	22[2]	184[2]	12.0	13,542	36,323	37.3
68	Motorola	1,414	4,328	32.7	91	377	24.1	724	3,236	22.4
69	Trans World Airlines	1,399	3,354	41.7	155[2]	–36[2]	P/D	731	3,739	19.6
70	Consolidated Foods	1,388	6,572	21.1	95[9]	297[9]	32.0	779	2,616	29.8
71	Merck	1,386	3,246	42.7	230	720	31.9	1,994	4,215	47.3
72	Bank of Boston	1,378	2,599	53.0	35[2]	136[2]	25.7	8,439[5]	18,821[5]	44.8
73	American Home Products	1,374	4,856	28.3	278	1,149	24.2	774	3,086	25.1
74	H J Heinz	1,357	3,738	36.3	150	396	37.9	817	2,179	37.5
75	Warner-Lambert	1,286	3,108	41.4	298	678	44.0	893	2,919	30.6
76	Texas Instruments	1,285	4,580	28.1	84[9]	–323[9]	P/D	838	2,713	30.9
77	Bristol-Myers	1,246	3,917	31.8	210	747	28.1	849	3,007	28.2
78	W R Grace	1,245	6,219	20.0	192[9]	520[9]	36.9	728	5,035	14.5
79	Scott Paper[6]	1,223	3,688	33.2	27[2]	124[2]	21.8	1,115	3,557	31.3
80	PepsiCo	1,182	7,896	15.0	–96	635	D/P	988	4,638	21.3
81	Charter Company	1,178	5,657	20.8	19	126	15.1	341	1,813	18.8
82	Philip Morris	1,176	9,466	12.4	59	1,863	3.2	1,332	9,667	13.8
83	Gillette	1,164[8]	2,183	53.3	169[8]	319	53.0	924[8]	1,696	54.5
84	Deere	1,163	3,968	29.3	26	85	30.6	1,009	5,880	17.2
85	American Cyanamid	1,147	3,536	32.4	52[2]	166[2]	31.3	730	3,056	23.9
86	Control Data	1,117	4,583	24.4	141	214	65.9	1,611	8,778	18.4
87	Murphy Oil	1,110[1]	2,448[1]	45.3	93[2]	132[2]	70.5	997	2,808	35.5
88	Avon Products	1,100	3,000	36.7	115	341	33.7	651	2,286	28.5
89	TRW	1,096	5,493	20.0	96	429	22.4	782	3,321	23.5
90	Firestone	1,078	3,866	27.9	132	284	46.5	802	2,729	29.4

[1]Includes other income. [2]Net income. [3]Operating income after taxes. [4]Estimate. [5]Average assets. [6]Includes proportionate interest in unconsolidated subsidiaries or investments. [7]Profit before interest and after taxes. [8]Excludes Canada. [9]Pretax income. [10]Profit before equity in net income of unconsolidated subsidiaries. [11]Continuing operations before taxes. D/P: Deficit over profit. P/D: Profit over deficit. NA: Not available.

General notes: 1984 data were used for those February and March reporting companies that reported before press time. United Brands, ranked 110 last year, was excluded as information by geographic area is not available because of a change in fiscal year-end.

THE 100 LARGEST U.S. MULTINATIONALS

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profit as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
91	Kimberly-Clark	$1,042	$3,274	31.8%	$ 76	$347	21.9%	$1,031	$2,904	35.5%
92	Continental Group[6]	1,034	5,522	18.7	60	345	17.4	561	5,463	10.3
93	Eli Lilly	1,033	3,034	34.0	76[2]	457[2]	16.6	993	3,414	29.1
94	Ralston Purina	1,024	4,872	21.0	49	525	9.3	294	2,101	14.0
95	SmithKline Beckman	1,022	2,835	36.0	213[11]	708[11]	30.1	805	3,170	25.4
96	Litton Industries	1,019	4,719	21.6	96	424	22.6	427	3,999	10.7
97	Caterpillar Tractor	1,018	5,424	18.8	–59	–310	19.0	1,020	6,968	14.6
98	Quaker Oats	978	2,611	37.5	78	286	27.3	554	1,464	37.8
99	Irving Bank	951	1,836	51.8	60[2]	93[2]	64.5	9,500[4]	18,586	51.1
100	Carnation	914	3,365	27.2	48	342	14.0	392	1,748	22.4

AND THE 25 RUNNERS-UP

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profit as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
101	Dresser Industries	$911	$3,473	26.2%	$63	$ 18	350.0%	$736	$3,245	22.7%
102	Westinghouse Electric	909	9,533	9.5	56	478	11.7	683	8,569	8.0
103	Hercules[6]	900	2,976	30.2	91	207	44.0	818	2,357	34.7
104	RCA	896	8,977	10.0	63[9]	373[9]	16.9	902	7,656	11.8
105	City Investing	865	5,948	14.5	31	506	6.1	904	8,361	10.8
106	American Standard	864	2,182	39.6	87	149	58.4	512	1,622	31.6
107	Security Pacific	833	4,323	19.3	46[2]	264[2]	17.4	9,243	40,382	22.9
108	Morrison-Knudsen	830	2,166	38.3	15	133	11.3	259	859	30.2
109	Allegheny International[1]	825	2,574	32.1	51	151	33.8	536	1,976	27.1
110	Schering-Plough	823	1,808	45.5	93	308	30.2	818	2,397	34.1
111	Marine Midland Banks	823	2,156	38.2	40[2]	101[2]	39.6	9,221	22,872	40.3
112	Kellogg	821	2,381	34.5	72[2]	243[2]	29.6	528	1,467	36.0
113	Abbott Laboratories	820	2,928	28.0	130	626	20.8	587	2,824	20.8
114	Continental Corp	813	3,947	20.6	19	–72	P/D	2,207	9,278	23.8
115	PPG Industries	812	3,682	22.1	74	432	17.1	818	3,615	22.6
116	International Harvester	797	3,601	22.1	–7	–24	29.2	498	3,362	14.8
117	Singer	781[8]	2,478	31.5	11[8]	138	8.0	549[8]	1,420	38.7
118	Borden	770	4,265	18.1	84	369	22.8	498	2,720	18.3
119	Borg-Warner	764	3,542	21.6	65	313	20.8	364	2,617	13.9
120	Squibb	750	1,769	42.4	83	256	32.4	588	1,946	30.2
121	Mellon National	731	2,519	29.0	33[2]	184[2]	17.9	8,906	26,433	33.7
122	Crocker National	728	2,560	28.4	42[2]	–10[2]	P/D	6,252	23,393	26.7
123	Rockwell International	727	8,098	9.0	68	665	10.2	692	5,231	13.2
124	Revlon	718[8]	2,379	30.2	77[8]	300	25.7	808[8]	2,215	36.5
125	First Interstate	715	4,341	16.5	16[2]	247[2]	6.5	8,660	44,423	19.5

[1]Includes other income. [2]Net income. [3]Operating income after taxes. [4]Estimate. [5]Average assets. [6]Includes proportionate interest in unconsolidated subsidiaries or investments. [7]Profit before interest and after taxes. [8]Excludes Canada. [9]Pretax income. [10]Profit before equity in net income of unconsolidated subsidiaries. [11]Continuing operations before taxes. D/P: Deficit over profit. P/D: Profit over deficit. NA: Not available.

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The ever-rising sun

CREDIT THE JAPANESE with another banner year in international business. Of the 100 largest companies on this list, 27 are Japanese. Together, they account for more than one-third of the top 100's total revenues.

Aside from the big Japanese trading companies, which took three of the top five places, Japanese auto companies were standouts. Honda moved from 76th to 63rd place, while Mazda, not among the 125 largest companies in 1982, now ranks 119 on the list.

European companies are still strong competitors. British, Dutch, French and German firms account for more than half of the top 100's remaining revenues. Two giants, Royal Dutch/Shell and Unilever, make up a healthy chunk of that total.

South Korea, however, is making unusually strong headway. Three firms based in Seoul moved up in 1983, after not being among the top 125 in 1982: Daewoo, a conglomerate; the Lucky-Gold Star Group, another conglomerate; and wholesaler Sunkyong. There are 2 other Korean firms among the top 200.

As with the largest U.S. multinationals, the largest foreign companies are heavily concentrated in energy. Nearly a quarter of the total revenues of the top 100 is from oil and gas companies.—C.E.C.

THE 200 LARGEST FOREIGN COMPANIES

Rank	Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
1	**Royal Dutch/Shell Group**	Dec	$80,610	$4,178	$70,766	$21,138[3]	Neth/UK	energy	156.0
2	**Mitsui & Co Ltd**	Mar	63,149	27	21,017	1,558	Japan	wholesaler	12.9
3	**Mitsubishi Corp**	Mar	62,831	102	21,340	2,981	Japan	wholesaler	14.3
4	**British Petroleum Co Plc**	Dec	49,231	1,564	39,419	10,739	UK	energy	131.6
5	**C Itoh & Co Ltd**	Mar	48,436	1	15,612	1,149	Japan	wholesaler	10.0
6	**Marubeni Corp**	Mar	46,816	2	16,543	1,093	Japan	wholesaler	10.6
7	**Sumitomo Corp**	Mar	45,806	92	10,914	1,327	Japan	wholesaler	11.5
8	**Nissho Iwai Corp**	Mar	34,039	20	9,835	604	Japan	wholesaler	7.7
9	**ENI-Ente Nazionale Idrocarburi**	Dec	25,166	–915	26,713	none[4]	Italy	energy	140.0
10	**IRI-Istituto Ricostruzione Industriale**	Dec	24,532	–2,141	41,384[5]	none[4]	Italy	multicompany	515.9
11	**Toyota Motor Corp**	June	21,470	920	13,431	17,416	Japan	automotive	57.8[6]
12	**Pemex-Petroleos Mexicanos**	Dec	20,756	6,685	38,804	none[4]	Mexico	energy	160.0
13	**Unilever**	Dec	20,306	579	11,211	5,014[3]	Neth/UK	consumer goods	267.0
14	**National Iranian Oil Co**	Dec	19,000E	NA	NA	none[4]	Iran	energy	NA
15	**VEBA Group**	Dec	18,859	146	11,969[5]	2,072	Germany	energy	77.3
16	**Deutsche Bundespost**	Dec	18,650E	NA	46,906[5]	none[4]	Germany	communications	505.0E
17	**Hitachi Ltd**	Mar	18,479	707	20,521	9,968	Japan	elec equipment	161.5
18	**TOTAL Group-Française des Pétroles**	Dec	18,314	102	10,992	561	France	energy	43.6
19	**Elf Aquitaine Group**	Dec	17,587	488	17,994	1,870	France	energy	75.5
20	**Nippon Tel & Tel Public Corp**	Mar	17,189	1,481	42,810	none[4]	Japan	communications	323.0

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THE 200 LARGEST FOREIGN COMPANIES

Rank	Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
21	**Toyo Menka Kaisha Ltd**	Mar	$16,865	$ 2	$ 5,364	$ 308	Japan	wholesaler	5.5
22	**Matsushita Electric Industrial Co**	Nov	16,745	767	14,746	13,553	Japan	elec equipment	124.8
23	**Nissan Motor Co Ltd**	Mar	16,309	419	13,418	6,179	Japan	automotive	59.0[6]
24	**NV Philips Lamp**	Dec	16,181	227[7]	15,584[7]	2,764	Netherlands	elec equipment	343.0
25	**Petrobras-Petróleo Brasileiro SA**	Dec	16,085	481	14,038	668	Brazil	energy	56.7
26	**PTT-Postes et Télécommunications**	Dec	16,047	NA	88,026[5]	none[4]	France	communications	592.0
27	**Siemens Group**	Sept	15,730	296	15,313	6,020	Germany	elec equipment	313.0
28	**Volkswagen Group**	Dec	15,701	–51	10,571	1,982	Germany	automotive	232.0
29	**Daimler-Benz Group**	Dec	15,668	369	9,038	8,091	Germany	automotive	184.6
30	**Nippon Oil Co Ltd**	Mar	15,243	87	6,665	3,961	Japan	energy	11.6
31	**Kanematsu-Gosho Ltd**	Mar	15,105	5	4,894	265	Japan	wholesaler	4.5
32	**Petróleos de Venezuela SA**	Dec	14,897	1,764	24,589	none[4]	Venezuela	energy	44.5
33	**BASF Group**	Dec	14,824	203	8,030	2,793	Germany	chemicals & drug	114.1
34	**Nichimen Corp**	Mar	14,770	2	5,450	279	Japan	wholesaler	3.5
35	**Bayer Group**	Dec	14,623	296	10,971	3,277	Germany	chemicals & drug	174.8
36	**Hoechst Group**	Dec	14,565	288	9,739	3,133	Germany	chemicals & drug	179.8
37	**Renault Group**	Dec	14,469	–212	10,800	none[4]	France	automotive	219.8
38	**The Electricity Council**	Mar	14,449	554[7]	53,708[7]	none[4]	UK	utility	141.4
39	**Fiat Group**	Dec	13,986	NA	18,393[5]	911	Italy	automotive	243.1
40	**Tokyo Electric Power Co**[6]	Mar	13,957	432	33,061	6,662	Japan	utility	40.7
41	**Bank Hapoalim BM**	Dec	13,578	59	19,492	990	Israel	banking	10.5
42	**Nestlé**	Dec	13,312	601	9,401	4,867	Switzerland	food processing	140.4
43	**Electricité de France**	Dec	13,305	–748	38,652	none[4]	France	utility	124.4
44	**Volvo Group**	Dec	12,972	239	6,687	1,761	Sweden	automotive	71.5
45	**Nippon Life Insurance Co**	Mar	12,604	1,880	34,039	none[4]	Japan	insurance	15.1
46	**Imperial Chemical Industries Plc**	Dec	12,524	573	11,055	5,646	UK	chemicals & drug	117.9
47	**Kuwait Petroleum Corp**	June	12,237	1,057	13,800	none[4]	Kuwait	energy	14.0[6]
48	**B.A.T Industries Plc**	Dec	12,092	793	10,015	3,792	UK	multicompany	187.2
49	**British National Oil Corp**	Dec	11,999	1	553	none[4]	UK	oil trading	0.1
50	**Mitsubishi Heavy Industries Ltd**	Mar	11,943	99	17,362	2,993	Japan	industrial equip	96.6
51	**Barclays Bank Group**	Dec	11,937	438	94,150	2,385	UK	banking	123.0
52	**Idemitsu Kosan Co Ltd**[6]	Mar	11,885	137	6,932	none[4]	Japan	energy	7.0
53	**Nippon Steel Corp**	Mar	11,602	143	15,847	4,964	Japan	steel	74.2
54	**Peugeot Group SA**	Dec	11,350	–328	8,750[5]	310	France	automotive	203.0
55	**Banque Nationale de Paris Group**	Dec	11,335	187	101,019	none[4]	France	banking	60.6
56	**INI Group**	Dec	11,330P	–1,115P	21,678P	none[4]	Spain	multicompany	232.0
57	**Thyssen Group**	Sept	11,306	–222	6,754	801	Germany	steel	139.2
58	**Crédit Lyonnais Group**	Dec	11,272	119	88,123	none[4]	France	banking	45.9[6]
59	**British Telecom**	Mar	10,661	610	16,213	none[4]	UK	communications	248.8
60	**ENEL**	Dec	10,618P	–1,200P	38,853P	none[4]	Italy	utility	115.6
61	**Deutsche Bundesbahn**	Dec	10,453	–1,468	22,762	none[4]	Germany	transportation	332.7
62	**Canadian Pacific Ltd**	Dec	10,353	117	14,145	2,894	Canada	multicompany	121.1
63	**Honda Motor Co Ltd**	Feb	10,000	403	6,114	4,171	Japan	automotive	51.4
64	**British Gas Corp**	Mar	9,961	315[7]	20,090[7]	none[4]	UK	utility	103.3
65	**National Westminster Bank Plc**	Dec	9,953	602	87,061	2,212	UK	banking	91.7

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THE 200 LARGEST FOREIGN COMPANIES

Rank	Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
66	ÖIAG-Österreichische Industrie Verwaltungs AG	Dec	$9,831	$ 0	$3,521	none[4]	Austria	metals	106.6
67	RWE Group	June	9,769	174	11,241	$1,980	Germany	energy	70.4
68	Toshiba Corp	Mar	9,619	154	9,778	4,771	Japan	elec equipment	103.0
69	NV Nederlandse Gasunie	Dec	9,522	28	2,539	none[4]	Netherlands	energy	1.8
70	Barlow Rand Group	Sept	9,315	223	7,122	1,760	South Africa	multicompany	227.0
71	Indian Oil Corp Ltd	Mar	9,308	122	3,129	none[4]	India	energy	27.9
72	Hyundai Group	Dec	9,305	150	7,021	none[4]	Korea	multicompany	146.0
73	Midland Bank Group	Dec	9,245	173	76,320	1,307	UK	banking	82.6
74	Tengelmann Group	June	9,200E	NA	NA	none[4]	Germany	retailer	78.0E
75	Société Générale Group	Dec	9,030	117	86,346	none[4]	France	banking	48.1
76	Petrofina SA	Dec	8,719	276	5,583	1,516	Belgium	energy	21.0
77	Bank Leumi le-Israel BM	Dec	8,527	69	21,428	850	Israel	banking	15.3
78	National Coal Board	Mar	8,245	–811	8,139	none[4]	UK	energy	268.0
79	Cie Générale d'Electricité	Dec	8,196	53	10,111	none[4]	France	elec equipment	148.7
80	INH-Instituto Nacional de Hidrocarburos	Dec	8,040P	82P	7,237[5]	none[4]	Spain	energy	23.8
81	Banco do Brasil	Dec	7,947	849	53,057	711	Brazil	banking	117.0
82	Crédit Agricole	Dec	7,797[6]	213	90,211	none[4]	France	banking	72.8
83	Royal Bank of Canada	Oct	7,758	390	68,707	2,435	Canada	banking	38.7
84	General Electric Co Plc	Mar	7,734	657	6,772	7,163	UK	elec equipment	178.0
85	Peninsular & Oriental Steam Navigation Co	Dec	7,685	47	2,207	516	UK	multicompany	23.4
86	Deutsche Bank Group	Dec	7,680	249	77,160	3,369	Germany	banking	47.3
87	Dai-Ichi Kangyo Bank	Mar	7,613	150	110,036	5,003	Japan	banking	23.0[6]
88	Paribas Group	Dec	7,582	73	60,524	none[4]	France	banking	29.0
89	Kansai Electric Power Co	Mar	7,578	222	17,313	3,930	Japan	utility	24.5
90	Saint-Gobain	Dec	7,532	54P	6,733	none[4]	France	building products	134.0
91	SNCF	Dec	7,475	–1,099	15,111	none[4]	France	transportation	251.0
92	Fuji Bank Ltd	Mar	7,401	234	102,979	4,797	Japan	banking	17.2[6]
93	Le Groupe Thomson	Dec	7,397	–150E	8,082[5]	none[4]	France	elec equipment	128.6
94	Maruzen Oil Co Ltd	Mar	7,298	43	3,958	608	Japan	energy	3.0[6]
95	Rio Tinto-Zinc Corp Plc	Dec	7,298	170	11,082	2,675	UK	metals	73.8
96	Bank of Tokyo Ltd	Mar	7,271	118	78,934	2,005	Japan	banking	14.4
97	Bell Canada Enterprises	Dec	7,201	655	12,006	5,789	Canada	communications	96.3
98	Ruhrkohle	Dec	7,199	–7	5,434	none[4]	Germany	mining	130.0
99	Samsung Group	Dec	7,171	82	5,485	none[4]	Korea	multicompany	102.3
100	Lucky-Gold Star Group	Dec	7,163	70	4,186	none[4]	Korea	multicompany	53.0
101	CIBA-GEIGY Group	Dec	7,022	388	9,053[7]	3,488	Switzerland	chemicals & drug	79.2
102	Montedison Group	Dec	7,018	–212	6,445	761	Italy	chemicals & drug	72.8
103	Sumitomo Bank Ltd	Mar	6,944	237	96,933	4,797	Japan	banking	15.5[6]
104	NV DSM	Dec	6,928	57	3,346	none[4]	Netherlands	chemicals & drug	27.9
105	Lloyds Bank Group	Dec	6,925	419	55,749	1,475	UK	banking	69.3
106	Sumitomo Life Insurance	Mar	6,824	997	18,043	none[4]	Japan	insurance	10.8
107	Krupp Group	Dec	6,765	NA	3,716	none[4]	Germany	steel	69.3
108	S&W Berisford Plc	Sept	6,756	29	2,032	550	UK	commodity broker	9.0
109	Mitsubishi Bank Ltd	Mar	6,678	163	97,384	4,797	Japan	banking	18.3
110	Gutehoffnungshütte Group	June	6,434	–35[6]	4,799[6]	482	Germany	industrial equip	79.6

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THE 200 LARGEST FOREIGN COMPANIES

Rank	Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
111	Chubu Electric Power[6]	Mar	$6,338	$209	$11,612	$3,084	Japan	utility	19.9
112	George Weston Ltd	Dec	6,329	62	1,742	577	Canada	retailer	60.0
113	Sanwa Bank Ltd[6]	Mar	6,320	147	93,094	4,797	Japan	banking	16.6
114	Daewoo Group	Dec	6,317	69	5,184	none[4]	Korea	multicompany	77.0[6]
115	Nippon Kokan KK	Mar	6,265	104	10,641	1,970	Japan	steel	38.6
116	Mitsubishi Electric Corp	Mar	6,240	140	5,935	2,949	Japan	elec equipment	64.4
117	Sunkyong Group	Dec	6,213	41	2,376	none[4]	Korea	wholesaler	23.7
118	Canadian Imperial Bank of Commerce	Oct	6,088	256	55,263	1,009	Canada	banking	35.5
119	Mazda Motor Corp	Oct	6,066	114	3,509	2,106	Japan	automotive	28.7
120	Grand Metropolitan Plc	Sept	6,050	325	5,216	2,888	UK	consumer goods	136.3
121	Bank of Montreal	Oct	6,038	230	51,273	1,445	Canada	banking	29.1
122	Allianz Worldwide	Dec	6,000E	100[6]	6,665[6]	2,921	Germany	insurance	25.1
123	NEC Corp	Mar	5,781	132	6,897	7,499	Japan	elec equipment	73.1
124	Industrial Bank of Japan Ltd	Mar	5,710	171	76,356	3,572	Japan	banking	5.2[6]
125	Rhône-Poulenc Group	Dec	5,657	13	4,719	none[4]	France	chemicals & drug	82.0
126	Dresdner Bank	Dec	5,629	145	59,048	1,259	Germany	banking	31.9
127	Robert Bosch Group	Dec	5,621	NA	4,115[5]	none[4]	Germany	automotive	109.7
128	Nippon Mining Co Ltd	Mar	5,610	20	4,062	836	Japan	energy	6.1
129	Mitsubishi Oil Co Ltd	Mar	5,518	93	3,479	451	Japan	energy	2.7[6]
130	Schlumberger Ltd	Dec	5,513	1,084	8,353	14,481	Neth Antilles	oilfield service	69.0
131	Mannesmann Group	Dec	5,512	30	3,747	1,227	Germany	industrial equip	104.8
132	BMW-Bayerische Motoren Werke	Dec	5,493	113[6]	1,910[6]	1,880	Germany	automotive	50.2
133	Sumitomo Metal Industries Ltd	Mar	5,491	130	9,044	1,817	Japan	steel	29.0[6]
134	Co op AG	Dec	5,483	5[6]	1,032[5]	none[4]	Germany	retailer	41.9
135	British Steel Corp	Mar	5,402	–1,452	5,174	none[4]	UK	steel	94.8
136	Gaz de France	Dec	5,337	–313	5,493	none[4]	France	utility	29.1
137	Chinese Petroleum Corp[6]	Dec	5,333	431	4,025	none[4]	Taiwan	energy	19.5
138	Alcan Aluminium Ltd	Dec	5,305	58	6,600	3,853	Canada	metals	70.3
139	Akzo Group	Dec	5,285	150	3,529	1,071	Netherlands	chemicals & drug	66.3
140	Daiei Inc	Feb	5,270	–16	3,893	805	Japan	retailer	4.9[6]
141	BRADESCO Group	Dec	5,265	‡18[7]	7,530[7]	191	Brazil	banking	110.0
142	Toa Nenryo Kogyo KK	Dec	5,258	166	3,428	2,263	Japan	energy	2.4[6]
143	South African Transport Services	Mar	5,255	–373	12,521	none[4]	South Africa	transportation	250.4
144	Ruhrgas	Dec	5,219	137	2,624	none[4]	Germany	energy	4.3
145	Michelin Group	Dec	5,196	–281	7,690[5]	397	France	automotive	120.0
146	BL Plc	Dec	5,189	–230	3,633	none[4]	UK	automotive	103.2
147	BBC-Brown Boveri Group	Dec	5,077	14[6]	1,941[6]	627	Switzerland	elec equipment	90.6
148	IDB Bankholding Corp Ltd	Dec	4,913	139	10,863	440	Israel	banking	6.9
149	Preussag Group	Dec	4,887	50	1,591	696	Germany	multicompany	20.4
150	Kobe Steel Ltd[5]	Mar	4,884	48	7,030	1,407	Japan	steel	30.7[6]
151	Daikyo Oil Co Ltd	Mar	4,850E	42	2,216	179	Japan	energy	2.0[6]
152	Standard Chartered Bank Group	Dec	4,837	136	41,948	1,083	UK	banking	55.1
153	British Railways Board	Dec	4,837	18	2,895	none[4]	UK	transportation	200.8
154	Mitsui Bank Ltd	Mar	4,830	100	68,760	3,682	Japan	banking	12.0
155	Mitsubishi Chemical Industries	Jan	4,823	–15	4,509[5]	1,328	Japan	chemicals & drug	8.5[6]

[1]Revenue figures are for group or consolidated operations and exclude excise taxes and duties. [2]As of Dec. 31, 1983. [3]Combined market value. [4]Not publicly traded. [5]Figures from latest available balance sheet. [6]Not fully consolidated. [7]Based on current cost accounting. NA Not available. E Estimated. P Preliminary.
General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with February and March fiscal year ends, 1983 figures are used when more current data are not available.

THE 200 LARGEST FOREIGN COMPANIES

Rank	Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
156	**Sanyo Electric Co Ltd**	Nov	$4,811	$142	$ 4,398	$2,480	Japan	elec equipment	22.8
157	**Karstadt Group**	Dec	4,805	35	1,581	751	Germany	retailer	70.7
158	**Meiji Mutual Life Insurance Co**	Mar	4,788	614	12,149	none[4]	Japan	insurance	10.0E
159	**Kawasho Corp**[6]	Sept	4,787	2	1,627	107	Japan	wholesaler	2.0
160	**Bank of Nova Scotia**	Oct	4,718	283	44,469	1,685	Canada	banking	25.5
161	**Sony Corp**	Oct	4,671	124	5,267	3,639	Japan	elec equipment	42.7
162	**Migros-Genossenschafts**	Dec	4,626	66	2,947	none[4]	Switzerland	retailer	54.0
163	**Dalgety Plc**	June	4,592	52	1,301	487	UK	food processing	21.2
164	**Kawasaki Steel Corp**[6]	Mar	4,580	75	7,467	2,144	Japan	steel	29.3
165	**Ito-Yokado Co Ltd**	Feb	4,578	98	2,042	1,924	Japan	retailer	22.8
166	**Nationale-Nederlanden**	Dec	4,555	166	18,593	1,264	Netherlands	insurance	17.7
167	**Tokai Bank Ltd**[6]	Mar	4,554	99	65,784	3,068	Japan	banking	14.7
168	**Thorn EMI Plc**	Mar	4,540	68	2,715	1,658	UK	elec equipment	91.5
169	**British Post Office**	Mar	4,538	228[7]	4,407[7]	none[4]	UK	communications	182.4
170	**AEG Telefunken Group**	Dec	4,515	22	3,218	366	Germany	elec equipment	77.0
171	**Canadian Wheat Board**	Oct	4,443	NA	3,482	none[4]	Canada	grain	0.6
172	**Degussa AG**	Sept	4,422	36	1,413	690	Germany	metals	21.4
173	**Norinchukin Bank**[6]	Mar	4,414	61	69,488	none[4]	Japan	banking	3.1
174	**Charbonnages de France**	Dec	4,400E	–300E	4,700E	none[4]	France	energy	71.0
175	**G J Coles & Coy Ltd**	July	4,389	80	1,204	869	Australia	retailer	72.0
176	**Kajima Corp**	Nov	4,360	73	4,863	1,089	Japan	construction	15.6
177	**Klöckner & Co**	Dec	4,308	13[6]	1,435[5, 6]	none[4]	Germany	multicompany	7.4[6]
178	**Long-Term Credit Bank of Japan**[6]	Mar	4,296	112	60,274	2,713	Japan	banking	3.6
179	**Taiyo Fishery Co Ltd**	Jan	4,295	–12	1,893	217	Japan	food processing	4.9[6]
180	**Broken Hill Proprietary Co Ltd**	May	4,290	217	6,825	4,395	Australia	steel	56.1
181	**Carrefour**	Dec	4,278	60	1,370	350	France	retailer	27.0
182	**Toyoda Tsusho Kaisha Ltd**	Mar	4,277	19	1,105	335	Japan	wholesaler	1.6
183	**Usinor**	Dec	4,264	–715	4,912	47	France	steel	54.0
184	**Marks & Spencer Plc**	Mar	4,261	248	2,545	4,106	UK	retailer	39.0
185	**Neste Oy**	Dec	4,260	11	2,286	none[4]	Finland	energy	7.2
186	**Showa Oil Co Ltd**[6]	Dec	4,200E	35E	2,226[5]	233	Japan	energy	1.8
187	**Electrolux Group**	Dec	4,193	112	2,941	739	Sweden	elec equipment	88.8
188	**CARIPLO Group**	Dec	4,183	45	31,701	none[4]	Italy	banking	13.4
189	**Axel Johnson Group**	Dec	4,174	NA	NA	none[4]	Sweden	multicompany	25.0
190	**Westpac Banking Corp Group**	Sept	4,162	220	30,953	1,354	Australia	banking	39.1
191	**Swiss Re Group**	Dec	4,150E	50E	10,386[5, 6]	957	Switzerland	insurance	13.7
192	**Asahi Mutual Life Insurance**	Mar	4,146	618	11,343	none[4]	Japan	insurance	34.2
193	**Associated British Foods Plc**	Mar	4,127	257	2,048	820	UK	food processing	81.4
194	**Tohoku Electric Power Co**[6]	Mar	4,082	124	9,398	2,005	Japan	utility	13.0
195	**Norsk Hydro a s**	Dec	4,080	154	3,227	1,107	Norway	energy	18.8
196	**Vendex International BV**	Jan	4,072	66	14,441	none[4]	Netherlands	retailer	31.0[6]
197	**Taisei Corp**	Mar	4,055	55	4,116	744	Japan	construction	12.3
198	**Edeka-Zentrale**	Dec	4,018	NA	NA	none[4]	Germany	retailer	2.7
199	**Suez Group**	Dec	4,010	136	27,096	none[4]	France	banking	10.9
200	**Société Générale de Banque SA**	Dec	4,004	80	32,217	398	Belgium	banking	15.7

[1]Revenue figures are for group or consolidated operations and exclude excise taxes and duties. [2]As of Dec. 31, 1983. [3]Combined market value. [4]Not publicly traded. [5]Figures from latest available balance sheet. [6]Not fully consolidated. [7]Based on current cost accounting. NA Not available. E Estimated. P Preliminary.

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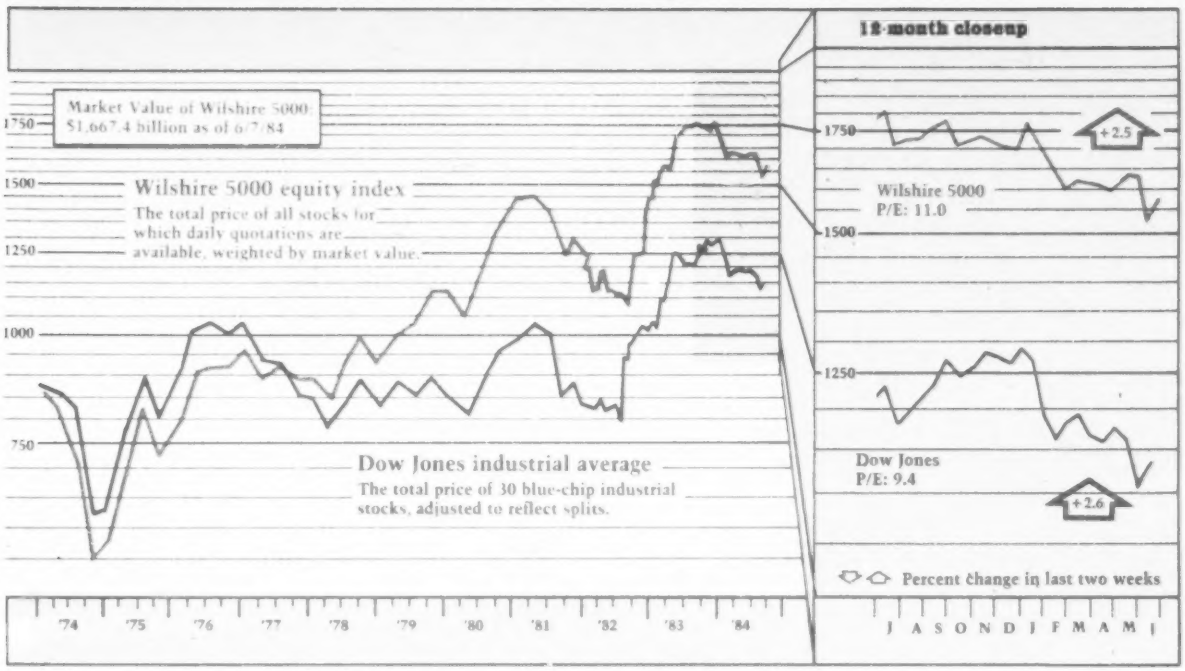
The Forbes/Wilshire 5000 Review



Still in the doldrums. The market showed a bit of renewed vigor during the last ten trading days, and the Wilshire index was up 2.5%—the best two-week performance since the first week of the year. But Wall Street was unable to sustain an upward drive on the broadly based Wilshire index for more than three successive sessions. While encouraging fundamentals, such as low P/E ratios and projected increases in earnings, continue to point toward a strong summer rally, more testing of 52-week lows is still possible. Every time the averages post modest gains, nervous investors opt for the certainty of quick profits or reduced losses.

That means the pessimists have been correct, at least since the market started drifting lower about one year ago. But remember the summer of 1982. There was plenty of depressing economic news then, but by August the stock market was staging one of its most impressive rallies ever.

During the most recent two- and four-week stretches, however, both very large and very small companies were out of favor. The Forbes 500 and the NASDAQ composite each trailed the Wilshire index. What did well? Notice that in the the market rebound of the last two weeks, Amex issues continued to exhibit relative strength by gaining more ground than other groups.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–3.5	–3.3	–3.0	–3.1	–3.4	–5.1
in last 52 weeks	–8.4	–4.6	–4.8	–5.0	–11.7	–23.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–3.4	–3.3	–4.8	–2.4	–4.7	–3.2	–2.8	–3.8	–2.4	–2.7	–2.6	–3.1
in last 52 weeks	–7.6	–11.1	–18.5	1.5	–23.8	–7.3	1.5	–11.9	–13.8	1.6	–5.1	–15.5

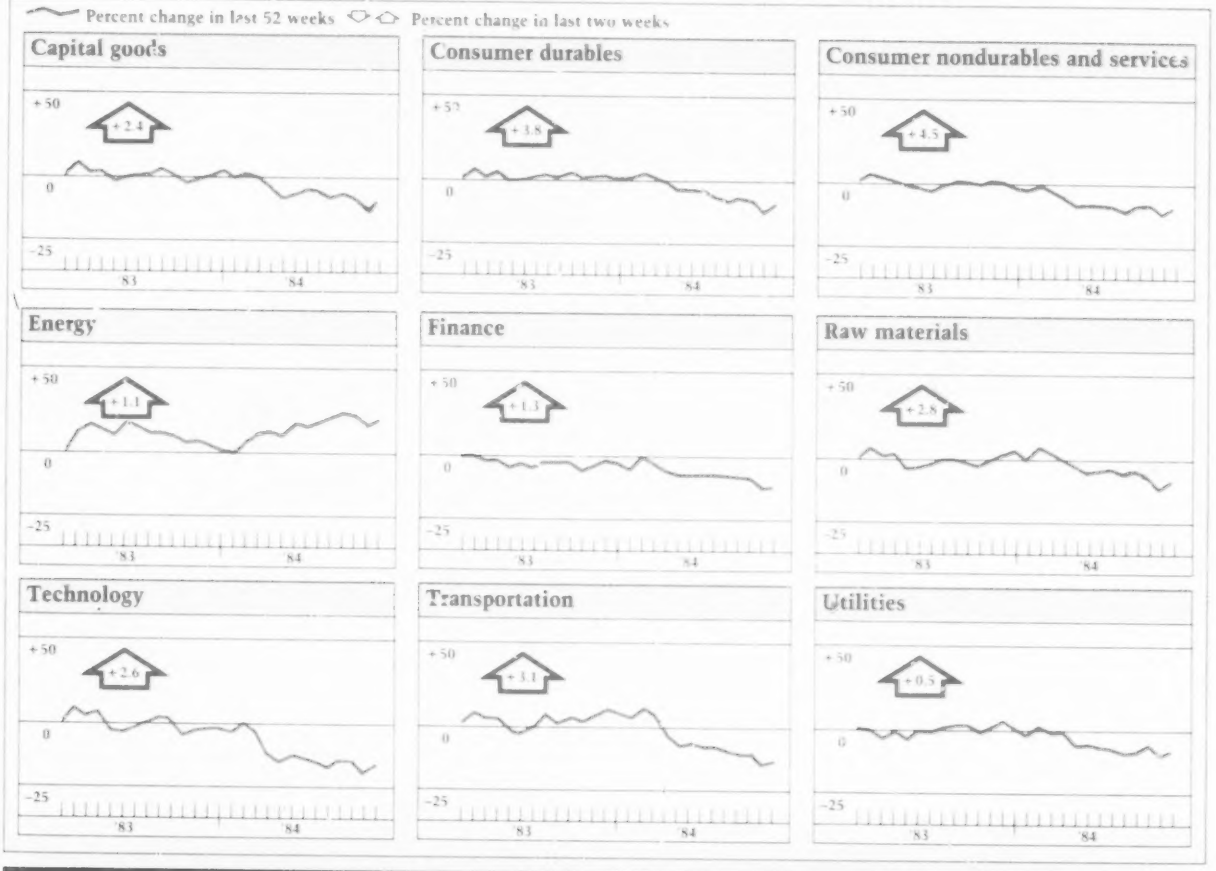
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/7/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where-The Action Is

Is it love or another brief romance? Several sectors registered the best two-week performance in months. Should this pace continue, investors may actually enjoy the summer. Since the start of the year, only energy stocks show gains. And much of that upward movement stems from the takeovers of Gulf and Getty and speculation involving other undervalued oil issues.

During the last two weeks consumer-related stocks showed the best performance. Nondurables advanced 4.5%, while durables gained 3.8%. Transportation issues were close behind, with a 3.1% increase. Capital goods, raw materials and technology, meanwhile, all advanced more than 2%. The two most troubled sectors, finance and utilities, posted more modest gains.



What The Analysts Think

It's nice to agree on occasion. During the last two weeks, analysts raised 1984 earnings projections for both consumer-related sectors and made the sharpest estimate cuts for utilities and finance stocks. Investors responded in similar fashion. The best performers: consumer goods companies. The worst performers: finance and utilities.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.89	10.8
1984 estimates	4. 0	7.9
1985 estimates	4.96	6.3

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Consumer durables	$3.28	0.61%	0.31%
2	Consumer nondurables	2.59	0.39	0.38
3	Capital goods	2.41	-0.41	-0.41
4	Energy	2.79	-0.71	-0.71
5	Raw materials	3.27	-0.91	-2.10
6	Technology	1.98	-1.00	-1.98
7	Transportation	2.71	-1.09	0.00
8	Utilities	3.50	-2.78	-2.51
9	Finance	3.80	-4.76	-1.55

Earnings projections are equal-weighted consensus estimates from over 1,500 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 6/7/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Statistical Spotlight

Bored with shopping on Wall Street? Try London, Paris or Tokyo. You can invest there without leaving home.

Stocks with a foreign accent

By Leslie Pittel

EVERYONE KNOWS THAT these are great times to vacation abroad. But travelers wining and dining in Italy or buying out the Paris boutiques are not the only ones who can benefit from the strong dollar. American investors may also be able to find bargains in foreign stocks.

Look what happened earlier this year. While U.S. market averages declined, nine major overseas exchanges reached record highs. Consider Japan's Nikkei Dow Jones index, which rose 11% during the first quarter of 1984. Factor in the 4% appreciation of the yen during that period, and it means U.S. investors could have pocketed a 15% gain, while Wall Street was falling 7%.

Today, of course, rising interest rates and worries about banking safety are pulling down markets everywhere. But there are still strong arguments for owning foreign stocks. Since the U.S. accounts for only half the world's economy, a fully diversified investor should own more than just domestic stocks.

When to buy? One good argument for acting now is the fact that foreign economies missed the recovery last year, which means they could well outperform the U.S. in the coming months. Then there is the chance for currency gains. The dollar has been unusually strong over the past three years, which makes foreign investments relatively cheap. But if the dollar weakens, as many experts think it will, the dollar value of foreign shares will appreciate.

Before you count profits, however, remember that owning foreign stocks is a high-risk proposition. Currency exchange fluctuations add a layer of uncertainty that isn't present with other investments. Ask the folks who

Charles Waller

An international shopping list

Shares or depositary receipts in these 95 companies are traded in the U.S. Prices are often near 52-week lows, but apparent bargains can be deceptive. Foreign accounting can be misleading, and dividend payouts can fluctuate.

Exch	Company/business	Location	Price recent	Price 52-week high	Price 52-week low	Latest 12-mos EPS	P/E	Dividend	Yield
o	**Advanced Semicond Mtls**/eq to mfr semicon	Netherlands	21½	38¼	21	$0.94	22.9	—	—
a	**Alliance Tire and Rubber**/tire and rubber	Israel	3	12⅛	3	–0.61	NM	—	—
a	**American Israeli Paper Mills Ltd**/paper prods	Israel	5⅞	9½	5½	3.48	1.7	—	—
o	**Aneco Reinsurance Ltd**/insurance	Bermuda	2⅜	5¼	2⅛	0.34	7.0	—	—
o	•**Anglo American Cp S Africa**/gold, diamonds	South Africa	18⅜	22½	14⅜	2.59	7.2	$0.80	4.3%
o	•**Anglo American Gold Inv**/investment co	South Africa	122¼	132½	94½	8.23	14.9	7.27	5.9
n	**ASA Ltd**/closed-end invest co	South Africa	63⅜	73	50⅝	NA	NA	4.00	6.3
a	**Atlas Cons Mining & Devel**/copper and gold	Philippines	2	3⅜	1⅞	0.09	22.2	—	—
a	•**B.A.T Industries Ltd**/tobacco	UK	2¼	3¼	2	0.54	5.1	0.12	4.4
o	•**Beecham Group Plc**/drugs, food processing	UK	4¼	6	4	0.33	12.9	0.15	3.5
n	**Benguet Cons**/machinery, gold	Philippines	7	9½	5¼	0.60	11.7	0.25	3.6
o	•**Blyvooruitzicht Gold Mining**/gold, uranium	South Africa	15⅛	17⅞	12⅛	3.24	4.7	1.72	11.4
o	•**Bowater Plc**/paper prods	UK	3½	4¾	2¾	0.36	9.7	0.28	8.0
n	•**British Petroleum Ltd**/integrated oil	UK	27¾	30¼	22⅛	2.76	10.1	1.68	6.1
o	•**Broken Hill Proprietary**/iron, oil	Australia	8⅞	11⅛	5¼	0.98	9.1	0.32	3.6
o	•**Buffelsfontein Gold Mining**/gold, uranium	South Africa	67½	69¼	39¾	8.91	7.6	4.30	6.4
o	•**Burmah Oil Plc**/oil	UK	2¼	2¾	2⅛	0.30	7.5	0.15	6.7
o	•**Canon**/precision instruments	Japan	25⅝	34	23¼	1.26	20.3	0.23	0.9

a: American Stock Exchange n: New York Stock Exchange o: Over the counter •American Depositary Receipts
NA: Not available, not applicable NM: Not meaningful

Sources: Wilshire Associates, Forbes

Statistical Spotlight

bought Mexican shares before one of that country's frequent devaluations.

Liquidity can be another problem. Trading volume in many foreign shares is limited, and one big sell order can send share prices tumbling. Dividends may be subject to special taxes, and financial information about non-U.S. companies can be confusing *(see p. 180)*. Individual investors are often better off with a mutual fund that specializes in foreign stocks (FORBES, *Aug. 29, 1983*).

Despite the risks, foreign investing is easier than ever. Shares of many well-known foreign firms—including Benguet, Royal Dutch Petroleum, and Unilever NV—

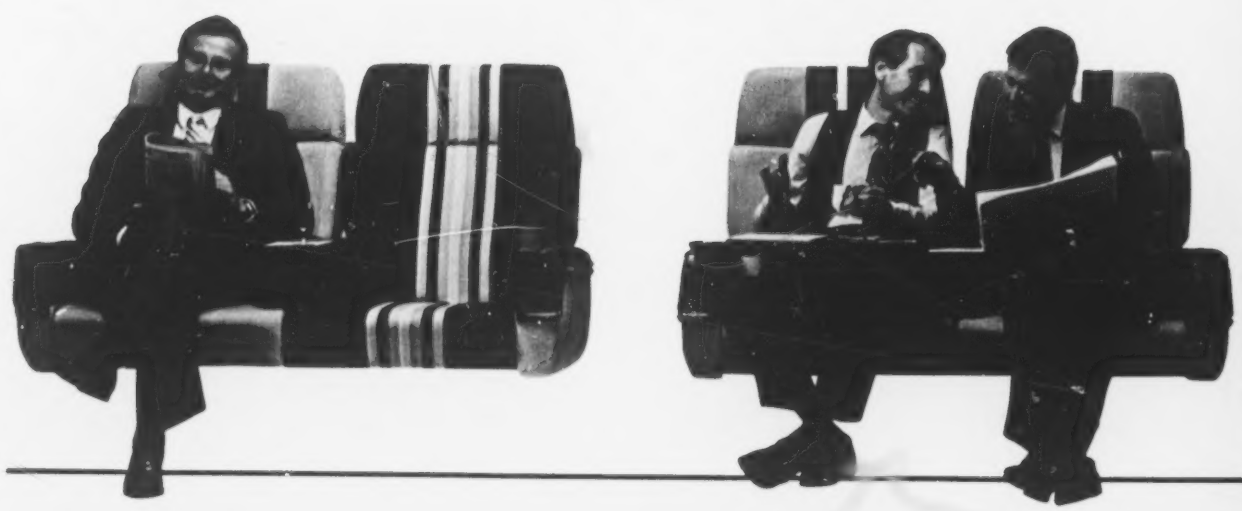
An international shopping list

Exch	Company/business	Location	Price recent	Price 52-week high	Price 52-week low	Latest 12-mos EPS	P/E	Dividend	Yield
o	**Coastal International Ltd**/oil	Bermuda	9¼	13	9	$1.74	5.6	$0.20	2.1%
a	•**Courtaulds Plc**/textiles	UK	1¾	2¼	1¼	0.17	10.3	0.05	2.9
o	•**Dai'Ei**/retail	Japan	5⅜	6⅜	4¼	NA	NA	0.05	0.9
o	•**De Beers Cons Mines**/diamonds	South Africa	7⅛	10⅜	7	1.23	5.8	0.28	3.9
o	•**Dresdner Bank AG**/bank	Germany	56½	73	56	4.45	12.7	1.19	2.1
o	•**Driefontein Consolidated**/gold	South Africa	39⅛	40¾	26⅝	3.69	10.7	2.05	5.2
a	•**Dunlop Holdings**/tire and rubber	UK	½	1¼	½	–0.30	NM	—	—
o	**Electronics Corp of Israel**/telecomm equip	Israel	12	15¾	7⅝	0.62	19.4	—	—
o	**Elron Electronics Inds**/computer and med equip	Israel	9⅞	17½	9⅜	1.92	5.1	—	—
o	**Elscint Ltd**/precision instruments	Israel	14½	23¾	14	1.25	11.6	—	—
o	•**LM Ericsson Tel**/telecomm equip	Sweden	37⅛	62	36¼	2.30	16.1	0.97	2.6
a	**Etz Lavud Ltd**/plastic and wood prods	Israel	32¼	36⅜	24¼	3.10	10.4	0.20	0.6
o	•**Fisons Plc**/drugs	UK	9⅞	12	9⅜	0.73	13.5	0.24	2.4
o	•**Free State Geduld Mines**/gold	South Africa	43	51	31	10.10	4.3	2.36	5.5
o	•**Fuji Photo Film Ltd**/film prods	Japan	13⅛	20¾	13⅛	1.36	9.7	0.06	0.5

a: American Stock Exchange n: New York Stock Exchange o: Over-the-counter •American Depositary Receipts
NA: Not available, not applicable NM: Not meaningful

Sources: Wilshire Associates, Forbes

TWA.OUR 3 PAIR BEATS THEIR



An international shopping list

Exch	Company/business	Location	Price recent	Price 52-week high	Price 52-week low	Latest 12-mos EPS	P/E	Dividend	Yield
o	•**Gambro AB**/health care equip	Sweden	24	59	–23½	$1.23	19.5	$0.04	0.2%
o	•**Glaxo Holdings Plc**/drugs, food, med equip	UK	11	15⅛	– 9⅞	0.56	19.6	0.16	1.5
o	**Gotaas Larsen Shipping**/maritime	Bermuda	11⅛	13⅜	– 6⅞	1.05	10.6	—	—
n	•**Hitachi Ltd**/electrical equip	Japan	36⅛	44	–32	2.44	14.9	0.27	0.7
n	•**Honda Motor Ltd**/autos, motorcycles	Japan	48	54¼	–33½	4.46	10.8	0.40	0.8
o	•**Huntington Research Cent**/laboratory svcs	UK	8	14½	– 8	0.53	15.1	—	—
o	•**IDB Bankholding Co**/bank holding	Israel	1⅛	1⅛	– 1⅛	0.90	1.3	—	—
n	•**Imperial Chemical Inds**/chemicals	UK	31⅝	38	–29½	3.79	8.3	1.66	5.2
a	•**Imperial Group Ltd**/tobacco, food processing	UK	1⅞	2¼	– 1⅝	0.27	6.9	0.12	6.4
o	•**Instrumentarium**/health care equip	Finland	8¾	18¾	– 8¾	0.57	15.3	0.05	0.6
o	**InterPharm Labs Ltd**/biotechnology	Israel	5¼	8½	– 4¼	–0.11	NM	—	—
o	•**Ito-Yokado Ltd**/retail	Japan	31¼	40½	–17¼	0.94	33.2	0.28	0.9
o	•**Japan Air Lines**/airline	Japan	27⅞	29⅝	–18⅝	–0.30	NM	1.47	5.3
o	•**Kirin Brewery Ltd**/brewing	Japan	23¼	27⅝	–16⅝	NA	NA	0.03	0.1
n	**KLM Royal Dutch Airlines**/airline	Netherlands	51⅜	73¾	–47⅜	5.88	8.7	—	—
o	•**Kloof Gold Mining Ltd**/gold	South Africa	55¾	57⅜	–37	4.83	11.5	2.37	4.3
n	•**Kubota Ltd**/agricultural equip	Japan	26¼	31	–24	0.92	28.5	0.55	2.1
n	•**Kyocera Corp**/ceramic prods, electronics	Japan	52	62⅜	–35⅜	1.83	28.4	0.32	0.6
a	**Laser Industries Ltd**/health care equip	Israel	12¼	24⅝	–10¾	0.32	38.3	—	—
o	•**Makita Elec Works Ltd**/power tools	Japan	20½	26¾	–19¾	1.28	16.0	0.30	1.5
a	**Marinduque Mining & Ind**/copper, cement	Philippines	⅛	¾	– ¼	–3.29	NM	—	—
n	•**Matsushita Elec Ind Co**/electronics	Japan	74¼	88¼	–60⅝	5.38	13.8	0.46	0.6

a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. •American Depositary Receipts.
NA: Not available, not applicable. NM: Not meaningful.

Sources: Wilshire Associates, Forbes

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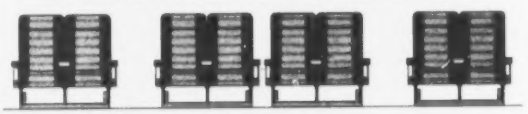
ONLY TWA'S BUSINESS CLASS GUARANTEES 6 SEATS ACROSS TO BOTH EUROPE AND THE MIDDLE EAST.



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Statistical Spotlight

now trade directly on U.S. exchanges. The most common form of ownership, however, is through American Depositary Receipts. These are issued by banks that hold shares deposited in their overseas branches and are claims of ownership rather than actual stock certificates. Many ADRs are registered with the SEC, which makes for good disclosure.

The 95 stocks in the accompanying table are among the widely traded foreign firms. Some, such as British Petroleum, Honda and Philips NV, sound familiar. Others might not. But if you want to learn about foreign investments and understand the risks, these pages are a good place to start.

An international shopping list

Exch	Company/business	Location	Price recent	Price 52-week high	Price 52-week low	Latest 12-mos EPS	P/E	Dividend	Yield
o	•**Minerals & Res Ltd**/invests in foreign mines	Bermuda	9⅛	14⅞	8⅝	$0.91	10.0	$0.20	2.2%
o	•**Mitsui & Co**/trading company	Japan	29⅝	33⅞	28⅜	0.58	51.1	0.36	1.2
o	•**NEC Corp**/telecomm equip	Japan	25⅛	32⅝	24⅜	0.60	41.9	0.13	0.5
o	•**Nissan Motors**/auto	Japan	5¼	6⅛	4½	NA	NA	0.51	9.7
n	•**Novo Industri AS**/drugs	Denmark	44⅜	72¾	43⅛	2.97	15.0	0.27	0.6
a	•**O'okiep Copper Co Ltd**/copper	South Africa	10½	18⅜	10	–2.60	NM	—	—
o	•**Pharmacia AB**/medical science	Sweden	15⅛	30⅝	14½	0.94	16.1	0.06	0.4
a	**Philippine Long Distance Tel**/telecomm	Philippines	2½	4	2⅜	1.90	1.3	0.44	17.6
o	**Philips NV**/electric equip, electronics	Netherlands	14½	17¾	11⅞	1.33	10.9	0.50	3.4
n	•**Pioneer Electronics**/electronics	Japan	22⅜	32⅞	18¼	0.47	47.6	0.18	0.8
n	•**Plessey Plc**/electronics	UK	29½	40	27¼	1.86	15.9	0.65	2.2
o	•**President Brand Gold Mining Co Ltd**/gold	South Africa	47½	51½	33¾	9.00	5.3	2.49	5.2
o	•**President Steyn Gold Mining Co Ltd**/gold	South Africa	60⅛	60¼	36¼	7.24	8.3	3.14	5.2
o	•**Rank Organisation Plc**/leisure services	UK	2⅞	3¾	2⅜	0.21	13.7	0.15	5.2
o	•**Reuters Holding**/news service	UK	17	NA		0.71	23.9	0.18	1.0
n	**Royal Dutch Petroleum**/oil	Netherlands	50¾	53⅞	40¾	9.59	5.3	2.82	5.6
o	•**Sanyo Electric**/electronics	Japan	10¼	12⅜	8⅞	NA	NA	0.55	5.4
n	**Schlumberger Ltd**/oilfield svcs, electronics	Netherlands Antilles	48¾	61⅞	43⅛	3.79	12.9	1.04	2.1
o	**Scitex**/computer equip and svcs	Israel	15¾	28¾	15¾	1.08	14.6	—	—
n	**Shell Transportation & Trading**/integrated oil	UK	37	39	30⅞	5.79	6.4	2.00	5.4
o	•**Shiseido**/cosmetics	Japan	22⅛	26⅞	17½	NA	NA	0.36	1.6
n	•**Sony**/electronics	Japan	14¼	17¼	13⅛	0.75	19.0	0.16	1.1
o	•**St Helena Gold Mines**/gold	South Africa	37	45½	29½	10.72	3.5	3.15	8.5
n	**Syntex**/drugs	Panama	39	61⅛	37¾	4.44	8.8	1.60	4.1
n	•**TDK**/audio- and videotape	Japan	42¼	61⅞	39¼	2.11	20.0	0.27	0.6
o	•**Telefonos de Mexico SA**/telecomm	Mexico	⅝	1⅛	½	0.20	3.1	0.03	4.8
o	•**Teva Pharmaceutical**/drugs	Israel	2¼	6¾	1¾	0.58	3.9	0.02	0.9
o	•**Tokio Marine & Fire**/insurance	Japan	119½	156¼	92¾	4.95	24.1	0.97	0.8
o	•**Toyota Motors**/auto	Japan	11¼	12⅞	9⅛	NA	NA	0.52	4.6
n	•**Tricentrol Plc**/oil and gas	UK	5¾	7⅞	5	0.82	7.0	0.35	6.1
a	•**Tubos de Acero de Mexico**/steel	Mexico	3⅜	3⅞	3½	0.20	18.1	—	—
n	•**Unilever Plc**/multicompany	UK	47½	55½	42	5.93	8.0	2.23	4.7
n	**Unilever NV**/multicompany	Netherlands	79⅜	88	66¾	9.89	8.0	4.27	5.4
o	**Universal Furniture**/furniture	Hong Kong	13¼	19½	13	1.51	8.8	—	—
o	•**Vaal Reefs Expl & Mining**/gold	South Africa	135	141⅛	88¼	15.07	9.0	8.62	6.4
o	**Velcro Inds NV**/fastening tapes	Netherlands	26½	32¼	26	2.59	10.2	0.92	3.5
o	•**Welkom Gold Mining Ltd**/gold	South Africa	13⅜	15⅛	10½	1.59	8.4	0.98	7.3
o	•**Western Deep Levels**/gold	South Africa	64	66¼	41¼	7.47	8.6	3.00	4.7
o	•**Western Holdings Ltd**/gold	South Africa	54¾	58	37¾	11.10	4.9	3.91	7.1
a	**WTC International NV**/freight forwarding	Netherlands Antilles	7⅞	9⅜	5⅝	–0.36	NM		—

a: American Stock Exchange n: New York Stock Exchange o: Over-the-counter •American Depositary Receipts
NA: Not available, not applicable NM: Not meaningful

Sources: Wilshire Associates, Forbes

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JULY 16, 1984 THREE DOLLARS

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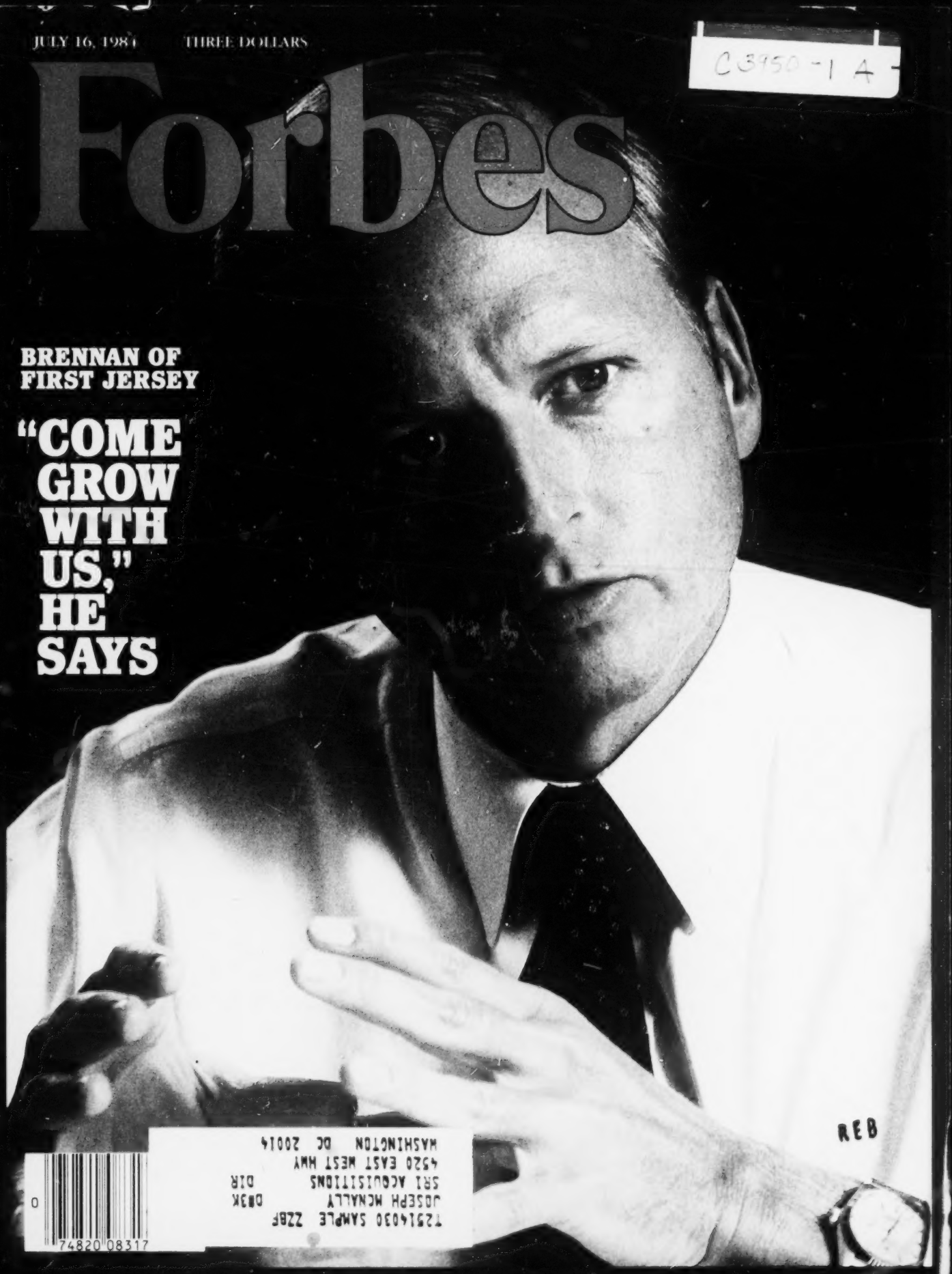

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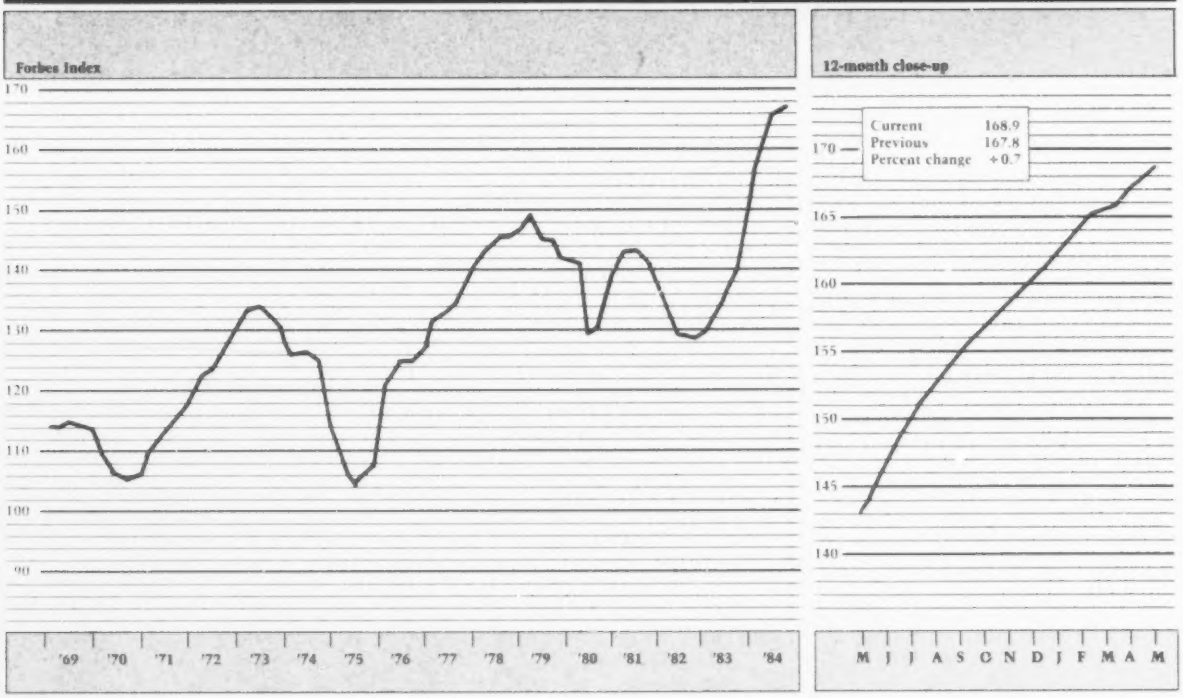
Cover photo by: Paul Fetters

The Forbes Index



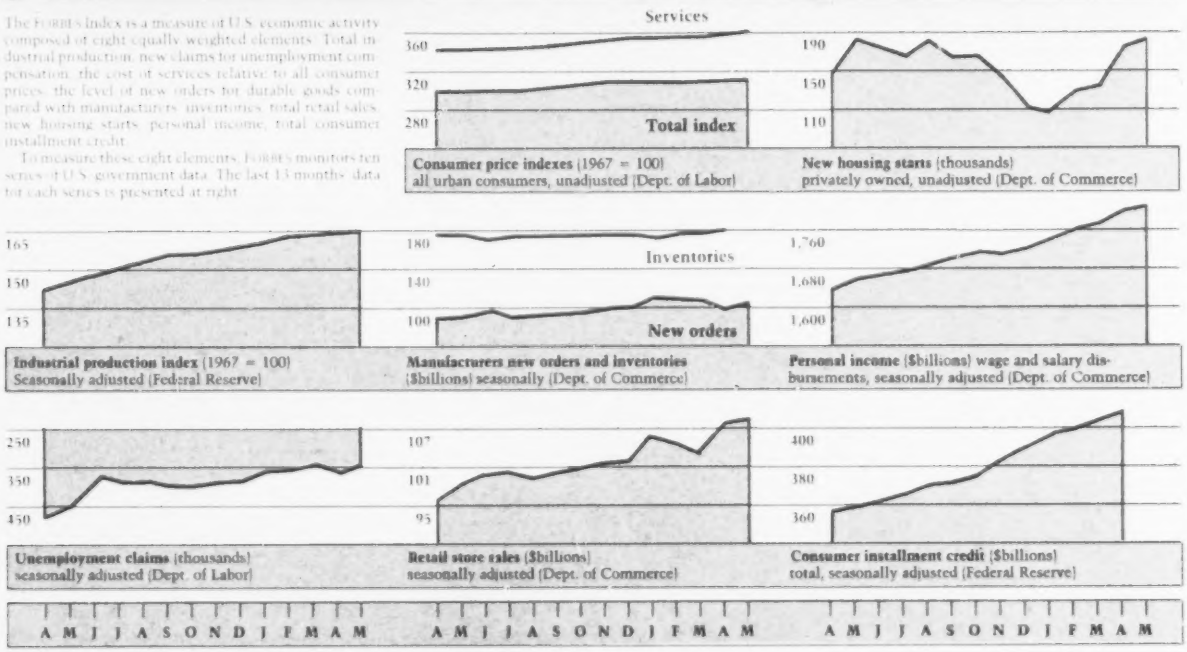
Not much to complain about. The Forbes Index, with a modest 0.7% gain, hit a new high in the latest reporting period. Over the last several months, however, the Index has been registering smaller increases than it did earlier in the recovery. But this time the news is good on all fronts. Two key gains: New housing starts rose 5.4% over the previous month, and manufacturers' new orders increased by 3.3% in May, vs. a 7.1% decline in April.

The Consumer Price Index for services rose by 0.5%. But the overall Consumer Price Index was up only 0.3%. On an annualized basis this translates into a moderate 3.6% increase. So much for worries about inflation. New unemployment claims, meanwhile, fell 2.8% in April, reversing a two-month upward trend.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



atmosphere has the advantage that nature will do most of the sorting out of decoys. These must be lightweight, not taking up much payload; thus they will burn up on reentry. The ABM launchers of the second tier can't be put on every street corner, so their use probably would be limited to defending key installations like missile silos rather than defending cities.

The third tier are antisatellite weapons to knock out the eyes and ears of the enemy. These are almost ready. The Russians already have a radar-controlled killer satellite that maneuvers close to another satellite and then blows up both. The U.S. has done an initial test on a missile fired from a highflying F-15 fighter. The missile zooms into space and does the same thing fairly cheaply. This system has yet to be fired against an actual satellite target, and that test may be some way off. Congress has said that any such test must trigger a timetable for the President to begin negotiations with the Soviet Union on limiting ABM development, let alone deployment.

There are much more elaborate weapons programs also under way that might be used against satellites or missiles. The Russians have satellite-based lasers almost ready to go, and the U.S. is working on similar technology but is many years behind. Then, the U.S. has run ground tests on what's called a rail gun, which, placed on a satellite, would use powerful magnetic pulses to fire a 6-pound missile equipped with a miniature infrared homing device.

But so far these are only tests, often done at White Sands, N.M., or only research on particle-beam weapons, done at Los Alamos laboratories. Says Abrahamson: "It will be up to some future President and Congress to make decisions on what to deploy." The budget is still relatively small for a program that the general says is more complex than the Space Shuttle, around $1.5 billion being spent this year and an indicated $3.8 billion for fiscal 1986.

What is important is that concentrating on defense could reduce the risks of war. To argue, as the pacifists do, that building an effective defense will just promote aggressive war is like saying the installation of burglar alarms encourages burglary.

"We have to show that we have the technical capability and are determined," says General Abrahamson. History demonstrates conclusively that naive wishing for peace is the surest possible way to encourage an aggressor. ■

It turns out that both sides in the Iran-Iraq war are better at talking and killing than they are at winning. What does this mean for the price of oil?

Whither oil prices?

By Allan Dodds Frank

ABOUT THE ONLY THING predictable in the world oil situation is its unpredictability. Only a few years ago practically everybody—FORBES included—embraced the view that the price of oil was on an unstoppable upward curve. Later the consensus was that the price would remain weak for the rest of this decade. A few weeks back opinion wavered. What would happen if the fighting between those warring tyrants Khomeini and Saddam Hussein were to close the Persian Gulf to oil traffic? Oil could hit $50 in a matter of weeks.

It turned out to be another false alarm. Both Saddam Hussein and Khomeini have turned out to be bloody incompetents—good at repressing their own people and sending their men to the slaughter, utterly ineffectual in running a war. So, opinion on oil prices has done another 180-degree turn.

Sooner or later Iran and Iraq will stop the war. Most likely it will peter

The potential for glut

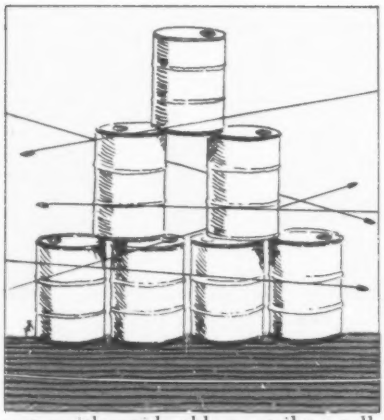
An extra 3 million barrels a day from Iraq and Iran could break the price.

Major producers	Capacity* installed	Capacity* maximum	Capacity* available	Production† peak	Production† current
	(in millions of barrels per day)				
Middle Eastern					
Saudi Arabia	12.5	10.0	8.5	10.3	4.8
Iran	7.0	5.5	3.3	6.7	2.3
Iraq	4.0	3.5	1.1	3.5	1.1
Kuwait	2.9	2.5	1.3	3.0	1.0
Libya	2.5	2.1	1.8	2.2	1.1
UAE, Qatar, Neutral Zone	3.9	3.6	2.8	3.5	1.9
Other					
Venezuela	2.6	2.5	2.4	3.4	1.8
Mexico	2.9	—	—	3.0	2.7
Nigeria	2.5	2.2	2.2	2.4	1.6
US	9.6	—	—	9.2	8.8
USSR	12.9	—	—	12.4	11.9
Total world	74.3			62.5	53.9

***Installed:** All aspects of crude oil production, processing, transportation and storage; generally the highest capacity estimate. **Maximum:** A rate that can be sustained for several months; generally 90% to 95% of installed capacity. **Available:** Reflects production ceilings of nations and other restrictions, such as those caused by the Iraq-Iran war.

†**Peak:** The Saudi peak was August 1981, but most peak production months of the Middle Eastern producers occurred between 1974 and 1977. **Current** is February 1984 in most cases.

Sources: Central Intelligence Agency; Department of Energy; Petroleum Intelligence Weekly; *Georgetown University Center for Strategic & International Studies.*



out, neither side able to strike a telling blow. When that day comes, they will immediately begin work to increase oil exports. Both need oceans of cash to repay debts and repair their damaged economies.

How fast and how much? Iran has produced as much as 6.7 million barrels a day and is now probably producing around 2 million. Iraq has produced as much as 3.5 million barrels a day and is running about 1 million barrels a day now.

It is possible that, within 18 months after the war stops, Iran could double production, to 4 million barrels a day. Iraq, reopening its pipeline through Syria (closed because Syria allies itself with Iran), could be moving 2 million a day within months of peace. With production of 1 million barrels a day bringing in $10 billion a year, the incentive is clearly there.

A worldwide economic boom might absorb an extra 3 million barrels a day, assuming the other hungry exporters—Venezuela, Mexico, Nigeria—would let the Iraqis and the Iranians get it all. That's an unlikely assumption, considering how badly some of these need cash. And without a boom, the added production will create pressure to cut prices. Even then some producers will have to reduce production.

The Saudis, the biggest Mideast producer, are the natural target for those who would want production cuts. The Iranians resent the fact that Saudi Arabia has seized much of Iran's market share. Before the Shah fell, Iran had roughly 25% and Saudi Arabia 35% of Gulf production. Now the Saudis have nearly 50% of the market, the Iranians only 10%.

But the Saudis, who can pump 10 million barrels a day, are now pumping less than 5 million. That seems to be what's needed to fund debt and feed the vast subsidy system preserving the regime. They would have difficulty cooperating with any suggestion to cut their output 2 million or 3 million barrels a day, or $20 billion to $30 billion a year.

So, the end of the war would simply mean more production and more downward pressure on OPEC's $29-a-barrel price, which already is being discounted $2.50 a barrel by Iran, ostensibly to offset increased insurance costs. The Saudis also may be discounting by shipping higher-grade crude mixes at lower-grade prices and by making credit terms so easy that they amount to interest-free, short-term loans.

"It is going to continue to be a buyer's market," says Milton Copulos, a Heritage Foundation analyst. Copulos goes further than most oil watchers saying prices could drop to $22 a barrel. "There is a lot of shut-in production," he says, "and people are dying to ship more oil. The temptation [to cut prices] has got to be irresistible."

Significantly, the spot market, which is always a harbinger of fear, had not moved more than $1 or $2 upward as the war escalated and now is nearly $1 less than the $29 OPEC benchmark price.

Oil at $22 a barrel? It could happen. But remember this: Almost every recent prediction about the price of oil has proven wrong. Whatever their problems, the OPEC nations realize that if they must choose between cutting output further and seeing OPEC come apart, the former becomes the lesser of two evils. On the other hand, deflationary pressures remain strong in commodity prices, and oil is a commodity. Whither oil prices? The smartest answer is: Mistrust all predictions and hope for the best. ■

There's a lot to be said for the federal government's changing to a flat tax, but it would cause a lot of people a lot of pain.

Rhetoric or reality?

By Susan Lee

TAX REFORM? Now you're talking. It's not only a hot topic wherever there are taxpayers, but it's also sizzling in Washington. Both parties are expected to include tax reform in their 1984 platforms, and leading candidates for the Democratic nomination literally tripped over themselves in their rush to embrace something called the Bradley-Gephardt "Fair Tax." Nonetheless, for all this buzzing, most of the hottest reform schemes do little more than timidly shift tax burdens around.

A redesign of the tax code is urgently necessary. Honest taxpayers find the system unfair and confiscatory, savvy ones find it shot with loopholes, dishonest ones find it easy to evade, and everybody finds it aggravating to figure. Moreover, its complicated system of deductions, exemptions and credits is rather wickedly designed to distort the free-market process by which resources flow to their most productive use.

Why beat around the bush? The current income tax, in terms of the usual standards of judgment—efficiency, equity and simplicity—is a megaflop *(see box, p. 35)*

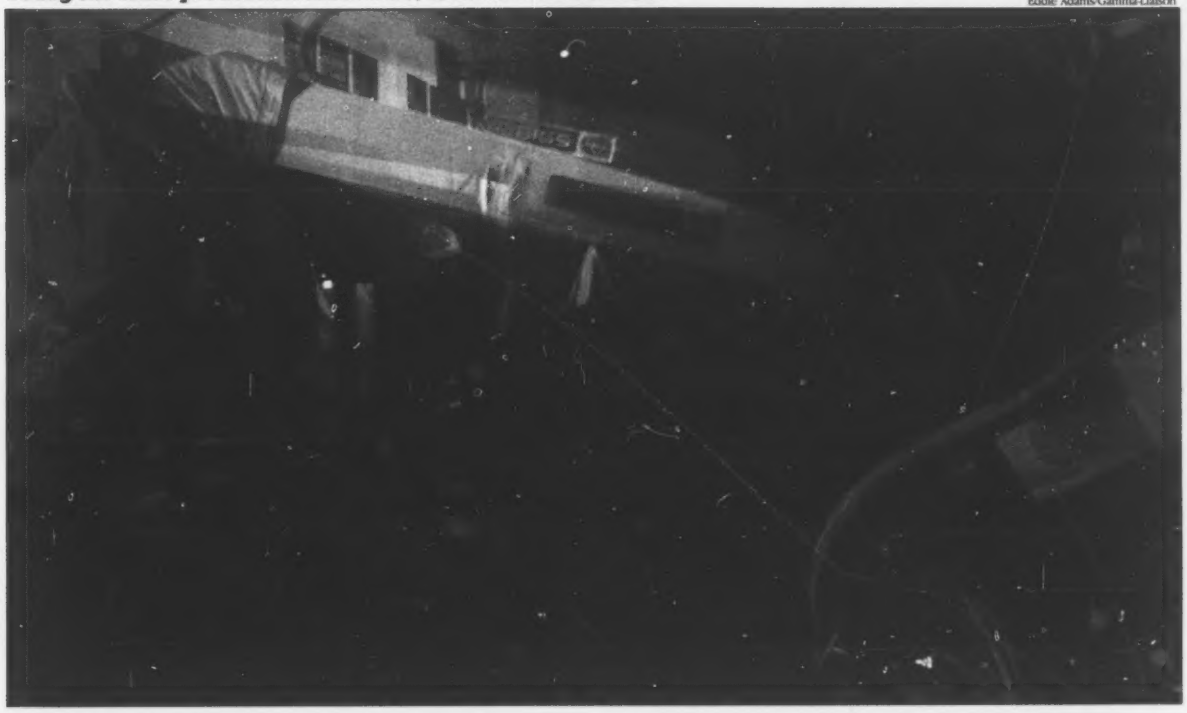
There is, however, one dilemma all reform schemes must resolve. On the one hand, to be politically acceptable, reform has to offer taxpayers an incentive to go for it. And the fastest way to achieve acceptability is to promise lower taxes.

But how do you lower overall taxes when the size of the federal deficit has everybody rattled? The trick is to lower rates while broadening the tax base so that the take remains constant. This is, in fact, the conceit common to the flat tax proposals now in vogue. It is also where these flat tax schemes indulge in grand illusion.

Talk about the impact of base-broadening is vague in the extreme. "Everybody likes the rhetoric," says

DeVilbiss robot on Nissan's new truck assembly line in Smyrna, Tenn.
Today the mass-production industries, tomorrow the batches.

Eddie Adams/Gamma-Liaison



Whatever happened to robotics? It is here but moving slowly, and the winners will not be known for years.

Shakeout

By James Cook

A DECADE AGO forecasters were predicting that the market for robots in the U.S. would reach $1 billion by 1983. Instead, according to a recent International Trade Commission study, it came to $169 million. Unit sales were up only 20% last year, well below the 30%-to-50% growth rates some analysts predicted. As with any business gearing for growth that is slow to come, robotics is spouting red ink. The ITC figures the industry lost $83 million on that $169 million in sales.

Yet hopes still run high. General Electric, for instance, has set up a robotics division in Orlando, Fla. and last fall worked out a series of licensing agreements with such big guns as Volkswagen, Hitachi and Italy's D.E.A. that gave GE a full line of equipment. Westinghouse, which had already acquired some licenses from Komatsu, Mitsubishi and Olivetti, picked up Unimation, the industry's pioneering company. Earlier, IBM announced it had major ambitions in factory automation and, to prove it meant what it said, introduced five robots it had been using internally.

What lies ahead? These days the consensus is that robotics is finally picking up speed and that sales should hit $2 billion by 1990. Who will get the lion's share? According to that same ITC study, a half-dozen producers have about 80% of the business: Cincinnati Milacron, Westinghouse, Champion's DeVilbiss division, GMF robotics, and maybe Prab Robots or Sweden's ASEA. But the market is still up for grabs, and there are another 40 or 50 companies trying to position themselves *(see table, p.70).* Some of the contenders are divisions of large companies like United Technologies. Some are outfits financed by venture capital, like Intelledex or Advanced Robotics, or established independents like Microbot.

Clearly, though, the business is long on hope, short on reality now. It is operating at less than 50% of capacity, and price-cutting is murderous. It requires neither courage nor foresight to predict a shakeout is near.

Consolidation is already under way. Besides Westinghouse's Unimation acquisition, Square D picked up U.S. Robots. Cross & Trecker, which bought up the entire Bendix factory-automation business, including machine tools and automation equipment, will probably jettison the Bendix robot business. Copperweld has decided to get out of robots, and Nordson is likely to do so soon. By 1986,

the Yankee Group figures, only 20 U.S. companies will be left of the current 40 or 50.

The U.S. still leads the world in robotics technology, but, significantly, Japan ranks first in applying it. Of the 50,000 robots in use worldwide in 1982, Japan had 31,000 of them, vs only 7,000 for the U.S. and about 3,500 for West Germany. The Japanese, moreover, won a big foothold in the U.S. market when the U.S.' largest consumer of robots, General Motors, worked out a joint venture with Japan's robotics giant, Fanuc (rhymes with Zanuck). That meant that from then on GM would be making most of its own robots and was willing to cut mate their production lines.

Now that their own markets are saturated, the Japanese are emerging as major sources for U.S. producers of lower-cost hardware—the robot arms that actually do the work at the command of the computer controls. So, one by one, the up-and-coming companies are working out deals with the Japanese. They have no choice. Domestic suppliers may have an edge on service, but foreign robots are cheaper to buy and maintain. Ransburg's Cybotech affiliate has worked out deals with Japanese companies like Tokico and Mitsubishi Electric, just as GE and Hobart Brothers have before it. Last month Cincinnati Milacron re-

ing and painting. But these markets have matured, and the overall market is splitting between high-volume assembly-line robots and higher-margin, lower-volume batch-manufacturing robots—for use in arc welding and assembly. Batch manufacturing, with its high labor content, would seem a natural robotics market.

In a time of generally high unemployment, anything that reduces labor is controversial. Robotics people, therefore, prefer talking about saving materials, reducing inventory and using machinery more efficiently. Yet, Donald Grierson, head of GE's industrial electronics business, observes: "With a robot serving four or five ma-

When smaller is better

It may be years before robotics makes any major impact on giant corporations like General Motors, General Electric or United Technologies. But for some of the other players, including those listed below, the payoff could come sooner. They are small enough for robotics to show up in earnings—if they survive.

Company	Est % sales in robotics 1983*	1983 total sales (millions)	% change total sales 1980-83	Est robotics sales* 1983 (millions)	Est robotics sales* 1984 (millions)	1983 EPS	% earnings change 1980-83	5-year average ROE	Debt/ equity ratio	Recent stock price	P/E ratio
Cincinnati Milacron	9.1%	$559.0	–31.5%	$51.0	$63.0	–$0.46	P-D	13.9%	0.3	25	def
Automatix	100.0	13.0	2,797.8	13.0	30.0	–0.20	D–D	def	0.0	10¼	def
Champion Spark Plug	2.7	764.4	–4.4	21.0	24.5	0.70	–27.1%	9.7	0.1	8⅛	8.8
Prab Robots	68.1	19.1	32.9	13.5	13.5	–0.04	P–D	12.4†	1.3	9	def
GCA Corp	3.1	194.8	2.0	6.0	9.0	0.10	–91.7	17.1	0.7	27⅛	57.7
Ransburg Corp	1.8	131.3	–3.5	2.3	6.6	0.10	–94.1	14.7	0.1	13	def
Thermwood	36.3	5.5	71.9	2.0	4.5	–1.10	D–D	def	0.9	1⅞	def
Nordson Corp	3.7	125.8	19.1	4.7	2.0	1.28	–26.0	21.0	0.1	16¼	12.7
Intl Robomation/ Intelligence	100.0	1.1	NM	1.1	NA	–1.24	D–D‡	def	1.3	6⅛	def

*Figures are from Laura Conigliaro, Prudential-Bache Securities. †Four-year average. ‡1981 to 1983. D–D: deficit to deficit. P–D: profit to deficit. def: deficit. NA: not available. NM: not meaningful.

the Japanese into the deal for the sake of Japanese technology. For Westinghouse's Unimation, the deal was especially devastating. Over half of Unimation's business had been in selling spot welders to GM.

As is usual in Japan, robotics, as an industry of the future, gets important government aid. A government leasing corporation markets the manufacturer's output and offers tax and credit incentives to prospective customers. But the U.S. government also subsidizes the industry. Last year, for instance, about $75 million was spent on robotics research and development in the U.S., and more than half of that was supplied by the Department of Defense. Where the Japanese have gotten a clear lead is in the greater willingness of big Japanese companies to experiment with robots for their own internal use. Thus encouraged, the Japanese manufacturers of robots have been able to achieve economies of scale. Demand for robots has been so large that the Japanese can not only mass-produce robots but also auto-

luctantly announced it would have to turn to foreign suppliers if U.S. producers could not supply it at competitive cost. "We wanted to support U.S. industry," Milacron's Clifford R. Meyer explains.

Why has robotics developed so slowly at a time when high labor costs are such a burden to industry and to the consumer? Robotics is a new and different technology, and you have to learn to use it just as you do any other. By and large, robots are not competitive with machine tools when you are dealing with materials like steel. But aluminum or composites? That may be another matter. The aerospace industry has discovered that Cybotech gantry robots can drill holes in and rout parts out of composite materials as effectively as a machine tool can, and do so with a machine that costs $1 million instead of $6 million. So now the auto industry is interested.

Up to now robots have been used primarily as elements in existing mass-production systems, most notably in the auto industry for spot welding and painting. But these markets have matured, and the overall market is splitting between high-volume assembly-line robots and higher-margin, lower-volume batch-manufacturing robots—for use in arc welding and assembly. Batch manufacturing, with its high labor content, would seem a natural robotics market.

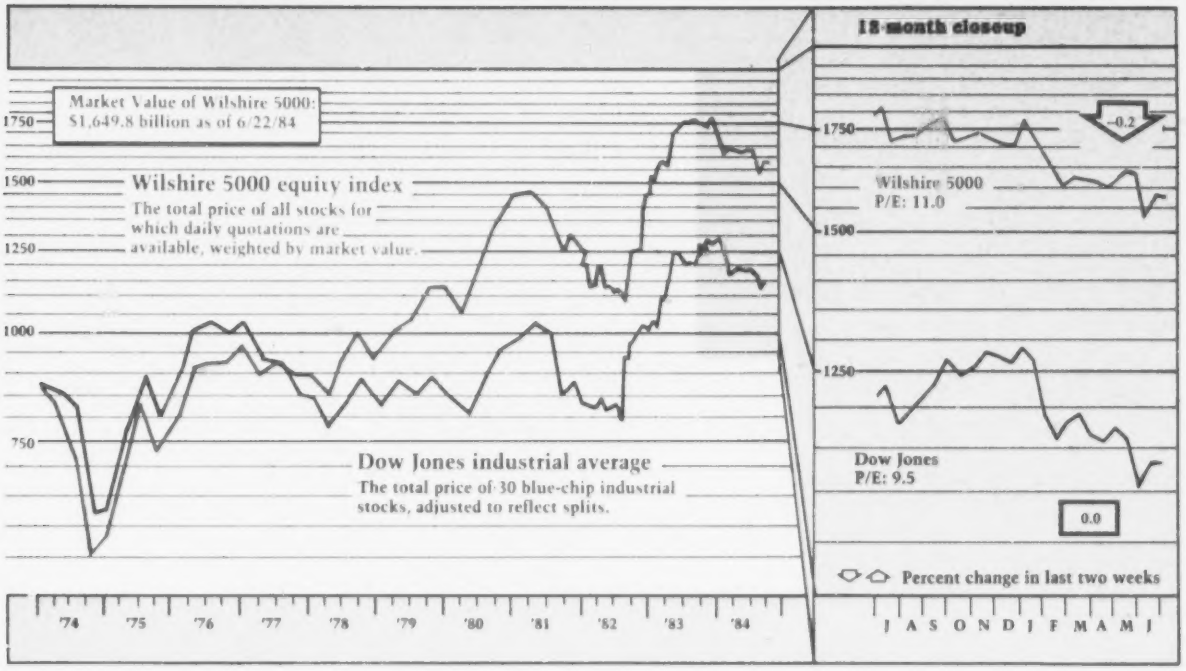
In a time of generally high unemployment, anything that reduces labor is controversial. Robotics people, therefore, prefer talking about saving materials, reducing inventory and using machinery more efficiently. Yet, Donald Grierson, head of GE's industrial electronics business, observes: "With a robot serving four or five machines you can keep all four at a much higher level of utilization than if you had one or two people there."

But is the U.S. fated to lose in this promising but slow-to-develop business? Not necessarily. The future does not really lie in hardware. It lies in software, in the computerized controls that will direct the machinery, that will give it its basic versatility and flexibility. "The robot business is going to be a service business," Cybotech's Paul H. Gaither believes. "It's not a machine-tool business. It's going to take a lot of software, tooling and peripheral equipment to make robots successful."

But here's the problem: In robots the U.S. thrust is toward more sophisticated products, as it was in machine tools, a strategy that leaves it vulnerable to the price competition of simpler, less sophisticated machines.

The answer to these questions lies in the future, for while robotics is moving ahead, it is not about to take off. The age of robotics is coming—but slowly, slowly. ■

The Forbes/Wilshire 5000 Review



Is the NASDAQ on the mend? Many experts predict that blue-chip and defensive issues, rather than speculative over-the-counter shares, will lead the market out of its slump. Nevertheless, the NASDAQ's recent strength is encouraging. Early in May, it outperformed the market over both a two-week and a four-week stretch.

What's more, during the last ten trading days, NASDAQ stocks gained 0.3%, while NYSE issues declined 0.3% and Amex issues fell 0.8%. NASDAQ shares also outpaced the rest of the market during the past month. The NASDAQ was up 2.5%, while the Wilshire index of more than 5,000 stocks gained only 2.3%.

Despite the improvement in over-the-counter shares and a 44-point advance in the Dow during the last week of this reporting period, many investors are still not convinced that a summer rally is at hand. No wonder. The market has spurted ahead several times this year, but gains have quickly been given up. Neither recent trading volume nor the advance-to-decline ratio signals a major buying trend. Sure, impressive earnings growth makes fundamentals encouraging. But, unfortunately, market indicators show that investors are still skittish.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.3	2.0	2.2	2.2	1.8	2.5
in last 52 weeks	-13.1	-9.3	-8.9	-9.9	-18.0	-26.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.0	1.0	2.5	0.9	1.6	1.4	0.7	0.7	2.6	2.1	3.2	1.2
in last 52 weeks	-11.8	-16.8	-24.8	0.1	-28.8	-11.8	-0.5	-18.2	-19.9	0.0	-9.0	-21.1

[1]Based on sales
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations, low-volatility issues are more stable
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates

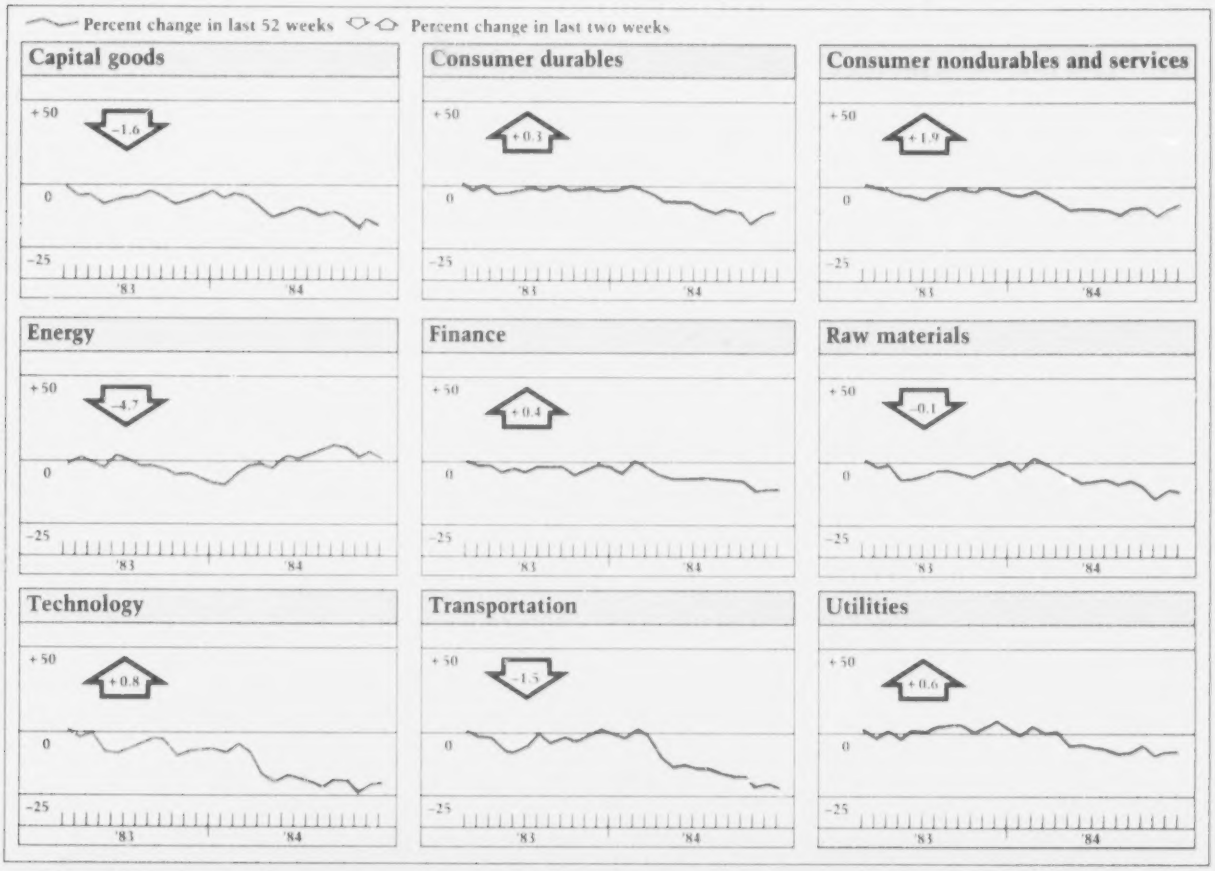
Note: All data for periods ending 6/22/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Shelley Dell

Where The Action Is

Leaking oil. Investors responded in a very logical way to signs that the Persian Gulf conflict will not send oil prices soaring. They sold off both oil producers and service companies. As a result, energy shares suffered the sharpest setbacks during the recent two- and four-week periods. Other sectors showed smaller losses: capital goods, off 1.6%; transportation, off 1.5%; and raw materials, off 0.1%.

Buyers, meanwhile, loaded up on defensive issues, such as food stocks. Several food and beverage shares recorded 52-week highs and helped consumer nondurables, up 1.9% during the last two weeks, to register the largest gain of the nine sectors. The second-best group: technology.



What The Analysts Think

Changing the tune. For the last several months analysts were busy scaling back 1984 earnings estimates. They reversed this trend, however, over the last few weeks. Sure, the most recent upward revisions in estimates are modest, but they could signal renewed optimism on Wall Street. This pattern is worth watching.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.86	10.8
1984 estimates	3.99	8.1
1985 estimates	4.84	6.4

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Finance	$3.68	0.13%	0.31%
2	Raw Materials	3.27	0.08	0.16
2	Technology	1.93	0.08	0.13
4	Transportation	2.66	0.07	0.10
5	Energy	2.75	0.05	0.07
6	Consumer durables	3.23	0.04	0.01
6	Capital goods	2.38	0.04	0.05
8	Consumer nondurables	2.58	0.03	0.05
9	Utilities	3.50	0.00	0.10

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 6/22/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

These days, folks eagerly search for bargains among over-the-counter stocks. Do they know the American Exchange has been performing far better?

Where the aisles aren't crowded

By Steve Kichen

THE FIRST six months of 1984 haven't been good ones for most investors. All of the major market indexes, in fact, are down for the period. But there is a surprise buried among the gloomy statistics. On a relative basis, the American Stock Exchange, which seldom attracts much attention, has performed unusually well.

From the beginning of the year until the middle of June, the Amex composite is off by 10.7%, slightly less than the slump in the broad-based Wilshire index. The Amex, moreover, did especially well when compared with over-the-counter stocks. As measured by the NASDAQ composite index, these stocks were down by over 15% for the period. Also, during several stretches of 1984, the Amex outperformed all major market indicators.

Why the relative strength? Sure, obscure Amex issues like Sterling Extruder (up 114%) and Mangood (up 106%) have posted impressive gains. But the Amex index, like the NYSE and NASDAQ composites, is capitalization-weighted. That diminishes the effect of small firms.

To see what is really supporting the index, it is necessary to find the big changes in market value. With help from computers at Los Angeles-based Wilshire Associates, we pinned down the largest dollar-value moves since January. The results appear in the table on the opposite page.

Giant B.A.T Industries, based in the U.K., shows the biggest gain. Its market value rose by $136 million. On a per-share basis, low-priced B.A.T moved up only 14% as it went from 2⅞ to 3. But B.A.T has more than 1.4 billion shares outstanding.

This certainly pales beside such NYSE giants as IBM. IBM has more than 600 million outstanding shares, so a mere quarter-point swing in price affects market capitalization by more than $150 million. But on the Amex, which traces its roots back to the 18th century as traders gathered on the curb to trade unlisted stocks, B.A.T carries a lot of weight.

Many of the Amex capitalization gainers are small firms enjoying the benefits of special situation moves, the kind of ride shareholders love to take. Condec, a diversified manufacturer, appreciated from a $29-a-share buyout offer from management. Conrock, a cement company, plans to merge with California Portland Cement. American Petrofina, an affiliate of Belgium's Petrofina, S.A., is investigating a merger with a similar-size U.S. company.

Continental Airlines, by contrast, is in the midst of Chapter 11 proceedings. Then there's BIC Corp., where profits are already rising.

The message: For investors who

Bargains on the Amex

Out of the nearly 1,000 issues listed on the American Stock Exchange, only these 11 passed our tough computer screens for value. Each stock in this group of loaded laggards is priced below book value, has debt less than 50% of equity and boasts a four-year earnings growth rate greater than 10%. In addition, all carry price/earnings ratios under 10.

Company/business	Price recent	Price 52-week high	Price 52-week low	Latest 12-month EPS	Latest 12-month P/E	4-year earnings growth	Yield	Sales (mils)	Current ratio	Debt/ equity	Book value
Alba-Waldensian/apparel	9½	23⅜	9⅛	$1.45	6.6	69%	2.1%	$46.7	4.44	17%	$12.80
Avondale Mills/textiles	17⅜	25¼	17¼	3.02	5.8	87	4.6	302.1	2.95	25	23.35
Blessings Corp/health care prods	18⅛	26	17⅜	2.52	7.2	35	4.4	43.6	3.47	48	21.10
Century Factors/financial services	17¾	20½	17½	2.90	6.1	44	0.8	12.6	1.29	40	21.50
Continental Materials/bldg mtls	13	38¼	12¼	1.45	9.0	44	—	50.5	1.90	41	13.70
EAC Inds/aerospace	7¼	16¾	7	0.95	7.6	NM	5.5	38.8	2.83	48	8.30
Hastings Mfg/auto parts	37⅜	38⅞	25⅛	5.01	7.5	14	1.7	55.5	3.05	16	46.59
Perini/construction	25⅛	33¾	23	2.85	8.8	15	3.2	852.4	1.45	19	30.70
Riblet Products/mfgd housing	12¼	21	9¾	1.82	6.7	12	1.6	119.2	2.01	7	15.40
TeleConcepts/telecomm equip	4⅛	31	4	0.54	7.6	NM	—	34.5	2.95	8	6.70
Trans-Lux/financial info display	10¼	19¼	10⅛	1.37	7.8	11	0.9	28.0	1.92	29	15.54

NM: not meaningful

Sources: Disclosure II Data on Diskette via Micro Scan from ISYS Corp; Wilshire Associates; Forbes

seek opportunities that others have overlooked, the Amex can offer some surprising bargains. In a curious way, the recent growth of the over-the-counter market makes the Amex even more attractive. Since the National Association of Securities Dealers began linking traders electronically in 1971, the Amex has lost much of its following. In 1974 there were 1,300 Amex issues. Today there are just over 950. Volume? NASDAQ now regularly beats the Amex by 7-to-1.

Not that the Amex is withering away. In the wake of the listings decline, exchange officials have worked aggressively to develop business in options and financial futures. But as far as stocks in small companies are concerned, investors now find most of the excitement on NASDAQ. That's the reason we decided to look for current values on the Amex. Searching the over 5,000-company Disclosure database, we ran some very tight screens. We wanted only firms selling under book value and with low P/Es and low debt levels. We also looked for firms with earnings growth for the past four years. The table on the opposite page contains the 11 issues that meet these requirements.

One particularly interesting find is Riblet Products, which makes components for manufactured homes. It was slated to appear on our list of leveraged buyout candidates (FORBES, *May 21*), but we decided to pull the company out at the last minute because of an acquisition offer. Two other firms that did make our list of possible buyouts—Avondale Mills, a textile manufacturer, and Hastings Manufacturing, a maker of auto parts—also show up in this group of Amex bargains.

Less than a year ago Tele-Concepts sold as high as 31. Profits at this telephone manufacturer and importer zipped from 1 cent a share in 1979 to 79 cents in 1982. But sales fell by nearly half and earnings evaporated in the first quarter of 1984. Thus, the recent share price of 4. Tele-Concepts is a bargain only if it can regain its luster.

Basic investment value, of course, has nothing to do with where a stock trades. And the fact that the Amex has trounced NASDAQ this year might be little more than a statistical quirk. But values are often likely to pop up where the fewest buyers are shopping. There may be plenty of room between the aisles at the Amex. ■

The Curb's suspenders

These 20 companies have helped keep the American Stock Exchange index from falling sharply in the last several months. Both the Amex and the overall market are down since the beginning of the year. But these stocks rose in price, and market capital of each firm increased by $25 million or more. As a group these shares added more than $1 billion to the capitalization-weighted indicator.

Company/business	Increase in market capital ($ mil)*	Price gain*	Price recent	Price 52-week high	Price 52-week low	Latest 12-month EPS	P/E	Yield	Book value
B.A.T Industries Ltd/tobacco	$136	14.3%	3	3⅛	2	$0.54	5.6	4.0%	$3.03
Beneficial Standard A/insurance	117	78.6	46	50	22⅛	2.08	22.1	0.9	25.01
Charter Medical A/health care services	92	26.9	23	30⅛	17½	1.54	14.9	0.9	5.12
Conrock/cement†	92	71.0	45¼	46½	25	2.54	18.0	1.3	20.80
Felmont Oil/oil and gas production†	90	36.5	32⅛	36½	17⅛	1.45	22.2	0.3	10.02
Hasbro Industries/toys	82	49.1	40¼	40¼	17½	2.88	14.0	0.6	11.94
BIC Corp/disposable products	69	92.9	23⅜	25¼	12	2.24	10.5	2.5	15.64
American Petrofina/integrated oil†	68	11.4	61¼	64¾	53	6.02	10.2	5.2	53.91
Charter Medical B/health care services	61	26.9	23¼	29⅞	17½	1.54	15.1	0.9	NA
Beneficial Standard B/insurance	58	75.1	45¾	50¼	22¾	2.08	22.0	0.9	NA
Affil Publications/newspaper	46	14.6	44⅛	47	38⅛	2.97	14.9	1.8	15.18
Husky Oil/integrated oil	39	5.9	9	10⅞	7⅛	0.47	19.1	1.3	5.34
New York Times/newspaper	39	3.6	2	30½	21⅞	2.13	13.6	1.7	10.51
PH Glatfelter/paper products	37	17.3	19½	20¼	14¼	1.96	9.9	3.3	13.26
Numac Oil & Gas Ltd/oil and gas exploration	34	14.3	12	14⅛	8¼	0.48	25.0	—	5.56
Power Test/gasoline distribution	33	61.9	18½	23⅛	10⅞	0.03	NM	1.6	7.22
Continental Airlines/airline‡	28	31.3	5¼	7⅞	2⅛	–7.77	NM	—	–6.96
Washington Post/newspaper	28	2.7	75¼	77	60¼	5.03	15.0	1.1	28.11
Echo Bay Mines Ltd/metals and mining	27	11.7	8⅜	9⅝	6⅛	0.25	33.5	1.0	1.62
Condec/industrial machinery†	25	26.0	28½	30	17⅛	–4.78	NM	—	19.39

*From 12/30/83 to 6/15/84 †Merger or acquisition pending ‡Chapter 11 NA: not available NM: not meaningful *Source: Wilshire Associates, Forbes*

JULY 30, 1984 THREE DOLLARS

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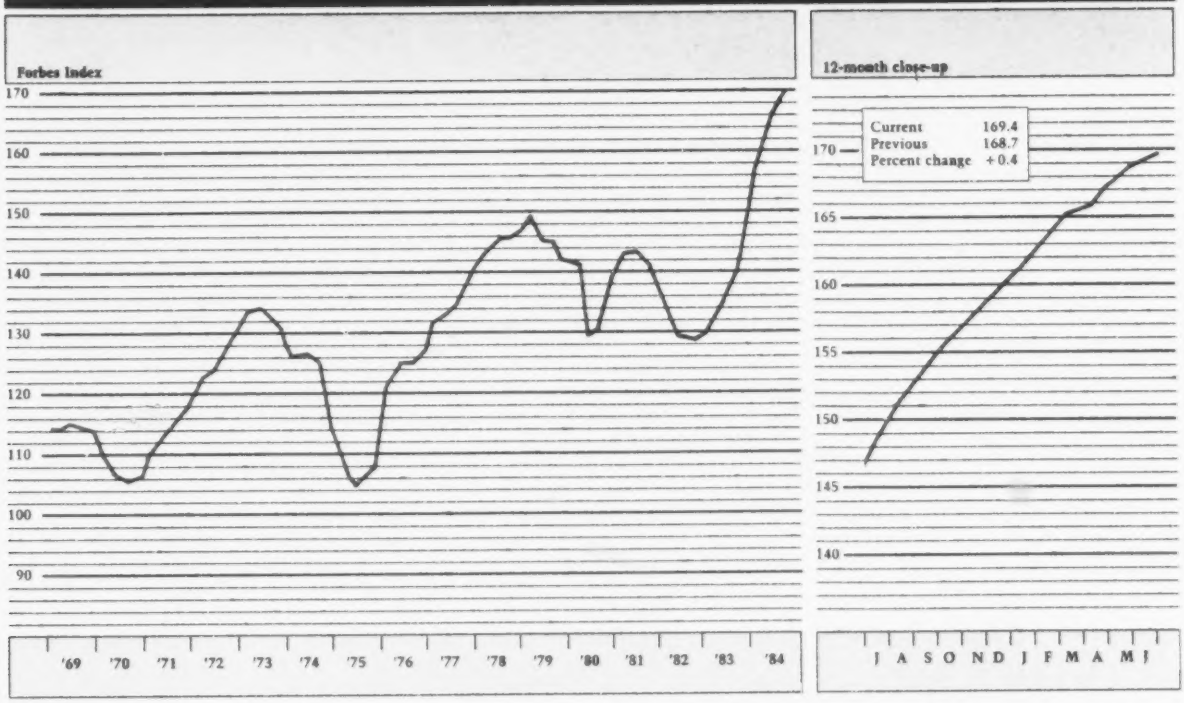
Cover illustration: Tim Lewis

The Forbes Index



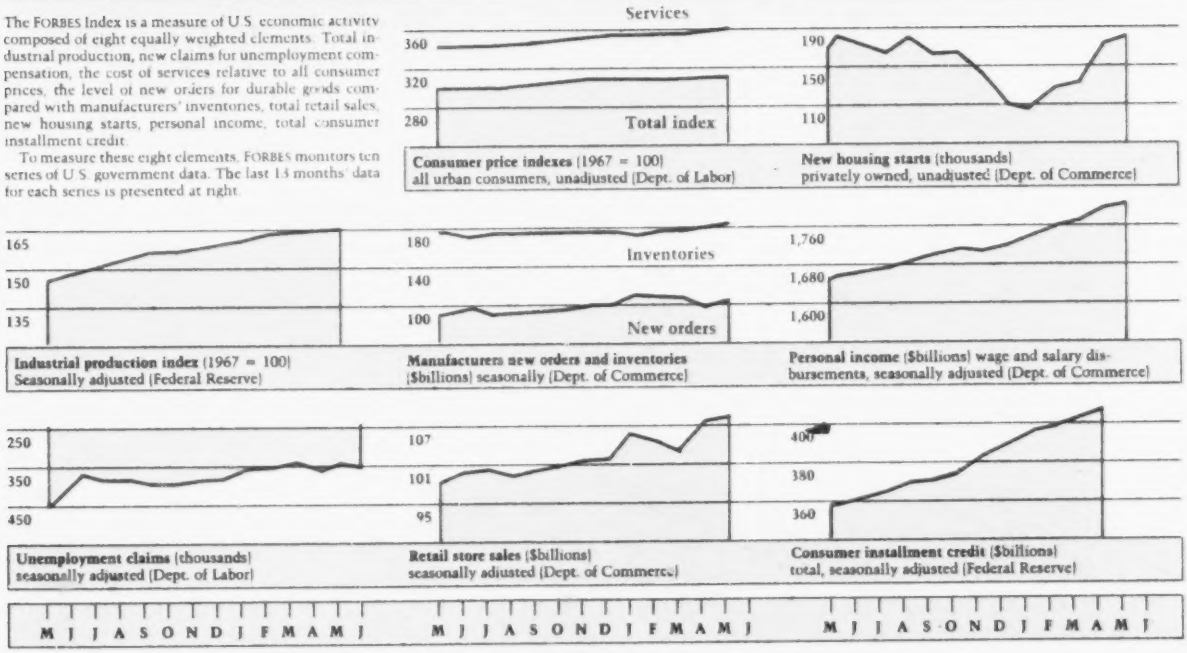
Less than meets the eye. With updates on only two figures, the Forbes Index rose a mere 0.4%. This move, however, stems largely from some statistical quirks and a revision of earlier data on manufacturers' new orders and inventories. The latest 1.3% rise in manufacturers' inventories, for example, should have pulled the Index down. But the impact of revised government figures for earlier months converts the new orders-to-inventories ratio into a minor uptick.

Even though new unemployment claims are barely half the level they reached at the peak of the recent recession, this number is rising again. Almost 357,000 claims were filed in June, a 1.7% increase over May. Optimists, of course, think this increase reflects little more than normal turnover. But the new number is not encouraging.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Back in 1967 we dart-boarded a stock portfolio. Since then it has beaten every index we can find. Oh, would we had taken it more seriously. So, here we go again.

Smart darts and other games

The FORBES Dart Board Fund

In June 1967 this portfolio may have looked motley. But over the years it has trounced the averages and put all but a handful of professional investors to shame.

Initial investment	Current value of initial $1,000 position	Change since 6/30/67
Amphenol (acquired by Allied Corp)	$3,013.89	201.4%
Arvin Industries	2,523.00	152.3
Carolina Power & Light	639.82	–36.0
Central Aguirre Sugar (liquidated 12/81)	646.44*	–35.4†
Chase Manhattan	1,212.81	21.3
Checker Motors	1,996.18	99.6
Crouse-Hinds (acquired by Cooper Inds)	3,732.10	273.2
Elec & Mus Instruments Ind (acquired by Thorn EMI Ltd)	839.46	–16.1
Electric Storage Battery (acquired by Inco)	778.33	–22.2
Firestone Tire & Rubber	960.11	–4.0
Florida Steel	4,293.08	329.3
General Dynamics	4,695.04	369.5
General Precision (acquired by Singer)	534.69	–46.5
Helene Curtis	3,670.92	267.1
International Nickel	328.46	–67.2
International Paper	2,074.28	107.4
International Pipe & Ceramics (acquired by Clevepak)	3,085.39	208.5
Ludlow (acquired by Tyco Labs)	3,927.88	292.8
MacAndrews & Forbes (liquidated 3/84)	27,422.08*	2,642.2‡
Midwest Oil (acquired by Standard Oil, Indiana)	7,312.06	631.2
GW Murphy (acquired by Baker International)	2,755.86	175.6
Pacific Tin	1,289.63	29.0
JC Penney	1,994.53	99.5
Pittston	2,330.05	133.0
Riegel Paper (acquired by Federal Paper Board)	3,789.50	279.0
Sunbeam (acquired by Allegheny International)	205.98	–79.4
Texas Oil & Gas	72,755.15	7,175.5
Textron	959.41	–4.1
Total	$131,697.61	370.3%

*As of liquidation date, when proceeds were distributed. †As of December 1981. ‡As of March 1984.

By Steve Kichen

IN THE SUMMER OF 1967 three FORBES executives threw darts at the stock market page of the *New York Times*. Those were the days when perfect market theory—sometimes called random walk—was riding high. The theory claims that you are able to do as well in the stock market by throwing darts as by analyzing balance sheets. We set out—unscientifically, of course—to test the concept. Thus was born the famous FORBES Dart Board Fund.

After several tosses, we wound up with 28 hits, and, in theory, we put $1,000 into each. From then on, management was strictly passive: If one of our portfolio companies merged, we took shares in the acquiring company. If a company sold out for cash, we reinvested in the remaining stocks. No analysis, technical or fundamental. We just sat there.

Those must have been darned smart darts. Our hypothetical $28,000 investment is now worth nearly $132,000, excluding dividends. That is a 370% gain, more than ten times the meager performance of the Dow Jones industrials. The FORBES darts also trounced the broader NYSE composite, which was up 76%. What about over-the-counter stocks? No one has tracked them as a group further back than 1971. But since then the NASDAQ composite index is up a mere 140%.

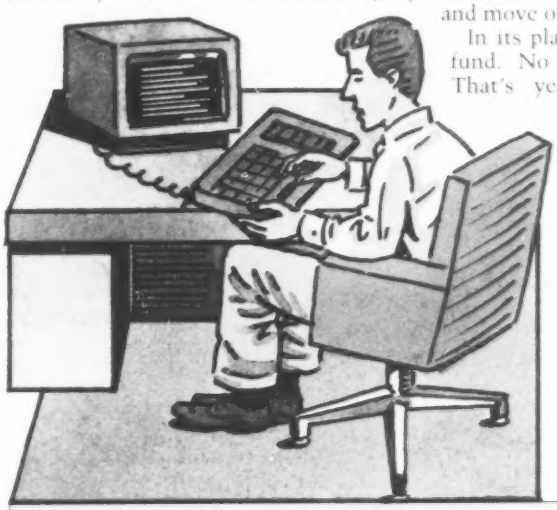
The Dart Board Fund's performance, in fact, works out to a compound annual return of 9.5%. Over the long term a few professional investors may do better than that. But darned few. And remember, our figures don't count dividend income.

What does all this prove?

Not much except that it pays to get

lucky and stay lucky. One random hit, Texas Oil & Gas, which has been remarkably successful at acquiring reserves, accounts for a huge part of the dart fund's gain. Without TO&G the portfolio would be up a more pedestrian 118%, still better than all the big indexes and roughly four times the Dow's gain.

It's time to bury The Dart Board Fund. The merger and takeover waves have eliminated too many of its stocks; only 15 of the original 28 companies remain. We'll take our profits and move on.



In its place we'll create a new fund. No more darts, though. That's yesterday's stuff. This time we are using a microcomputer to pick a random portfolio from among the nearly 3,100 issues tracked by the Institutional Brokers Estimate System (IBES). These are the stocks that Wall Street analysts follow on a regular basis. We imposed this limitation because we wanted to avoid new portfolios overweighted with shares in small, obscure companies.

For those who would like to copy our procedure and create other random portfolios, here's how we got our picks. At the moment there are 3,082 companies with IBES estimates, so we numbered the stocks in the IBES universe from 1 to 3,082. We used the random-number generating capability found in nearly all computers and wrote a program to select 25 random numbers between 1 and 3,082. To obtain the winners of our little lottery, we matched the computer-created list with the numbers we had assigned to the IBES stocks.

As one would expect, these randomly selected issues, which appear on page 99, have little in common. The list includes Dreyer's Grand Ice Cream, once featured as a FORBES Up & Comer, and Time Inc., a Forbes 500s company. There is, however, one unexpected coincidence. The list highlights both Home Centers of America and SIS Corp., small companies that have been public for barely

The Pure Play Price/Earnings Fund

Most investors don't like these stocks, which is why they have such low P/Es. Even though bottom-hunters claim to have made fortunes here, meager multiples can signal an earnings collapse.

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
Public Svc New Hamp/electric utility	5⅛	$ 3.57	1.4	—	$ 3.68	5.3%	16%	–4%	0.26	84%
Long Isl Lighting/electric utility	5⅜	2.95	1.8	—	2.61	–6.9	18	4	0.28	62
Consumers Power/electric utility	6⅛	3.29	1.9	22.9%	3.14	0.7	12	–1	0.24	99
United Illuminating/electric utility	13⅛	5.90	2.2	15.2	NA	NA	15	11	0.42	77
Public Svc Ind/electric utility	8⅝	3.87	2.2	11.6	1.16	–74.1	10	4	0.32	74
Contl Illinois/bank holding	5⅞	2.35	2.4	—	3.02	22.7	14	–12	0.13	69
Maine Public Svc/electric utility	15⅞	6.54	2.4	14.6	NA	NA	14	19	0.45	96
Finl Corp America/savings and loan	11⅓	4.74	2.5	5.8	6.61	28.9	408	213	0.65	53
Ford Motor/auto	35⅓	14.02	2.5	4.5	16.09	56.4	1	15	0.86	36
American Century/real estate	8	2.97	2.7	—	3.75	999.0	245	NA	0.90	27
Manufacturers Hanover/bank holding	25⅝	8.21	3.1	12.5	9.15	9.4	18	8	0.39	88
Golden West Finl/savings and loan	11⅞	3.80	3.1	1.0	4.06	8.2	38	29	1.05	568
Kansas Cty Pwr & Lt/electric utility	15	4.51	3.3	15.7	3.92	–5.5	13	27	0.64	92
First Am Finl/title insurance	25	7.20	3.5	2.4	7.75	18.7	15	6	1.00	NA
Cincinnati Gas & Elec/utility	11	3.13	3.5	19.6	2.64	–10.4	16	3	0.54	103
Gibraltar Finl/savings and loan	6⅞	1.94	3.5	—	2.00	–1.0	19	–2	0.67	586
DWG/propane gas	2⅞	0.81	3.5	—	NA	NA	17	73	0.45	138
First Western Finl/savings and loan	6½	1.72	3.6	3.2	1.80	44.3	30	2	0.71	NA
Chase Manhattan/bank holding	39⅝	10.78	3.7	9.2	13.06	19.1	12	6	0.45	39
El Paso Electric/electric utility	10½	2.64	4.0	13.3	2.57	3.6	23	18	0.78	92
Middle South Utils/electric utility	11	2.75	4.0	15.8	2.52	2.3	20	–1	0.60	179
Central Maine Power/electric utility	11⅛	2.77	4.0	17.6	2.33	–7.4	17	5	0.67	89
Commonwealth Energy/utility	19⅜	4.75	4.1	10.9	3.85	–16.9	15	21	0.82	85
Toledo Edison/electric utility	15⅛	3.70	4.1	16.7	3.52	0.6	10	8	0.63	98
Chemical New York/bank holding	25¾	6.28	4.1	9.2	6.82	18.2	20	19	0.61	31

more than one year. But isn't this what random is all about?

So, on page 99, you will find our first Smart Dart Fund, successor to the fabled Dart Board Fund. Will the new one do as well? We doubt it. But you never can tell.

For those readers who aren't Random Walkers, however, we cranked out four rival funds, each based on a simple version of an accepted stock-picking principle.

First, The Pure Play Price/Earnings Fund on page 96. It contains the 25 stocks with the lowest price/earnings

The Pure Play Book Value Fund

These stocks will take off only if Wall Street rewards hidden values. Most issues here have negative earnings growth, and 17 are losing money.

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
Charter Co/integrated oil	2⅛	$–0.21	NM	—	NA	NA	10%	–22%	0.08	64%
Contl Illinois/bank holding	5⅜	2.35	2.4	—	$3.02	22.7%	14	–12	0.14	69
Inspiration Res/metals and mining	8⅜	–3.32	NM	—	NA	NA	5	–68	0.19	68
Keystone Consl Inds/steel	4¼	–10.31	NM	—	NA	NA	–5	–380	0.20	54
Offshore Logistics/oilfield svcs	5¼	–11.41	NM	—	0.40	–73.3	18	12	0.23	57
Consumers Power/electric utility	6⅛	3.29	1.9	22.9%	3.14	0.7	12	–1	0.24	99
Wheeling-Pitt Stl/steel	21⅜	–11.08	NM	—	NA	NA	–8	–57	0.24	133
Manville/building materials	8¼	1.44	5.7	—	NA	NA	–2	–12	0.24	0
Long Isl Lighting/electric utility	5⅜	2.95	1.8	—	2.61	–6.9	18	4	0.28	62
Crocker National/bank holding	16⅞	–7.34	NM	7.1	2.99	NA	17	–27	0.29	17
Transcontl Energy/oilfield svcs, energy	¾	–4.10	NM	—	NA	NA	–11	–127	0.30	365
Crompton/textiles	9⅛	–8.78	NM	—	NA	NA	–11	–45	0.31	97
Public Svc Ind/electric utility	8⅜	3.87	2.2	11.6	1.16	–74.1	10	4	0.32	74
General Pub Utils/electric utility	8½	1.49	5.7	—	1.92	74.7	17	–8	0.35	96
Allied Supermarkets/supermarkets	2⅜	–0.22	NM	—	0.20	–23.1	–1	NA	0.35	4
Peoples Restaurants/restaurants	1¼	–0.12	NM	—	NA	NA	2,444	4	0.36	30
Biotech Capital/venture capital	2¼	–0.06	NM	—	NA	NA	NA	NA	0.36	9
Republic Steel/steel	22½	–10.85	NM	2.2	6.30	NA	–8	–91	0.37	70
Digicon/oilfield svcs	4¼	–6.06	NM	—	0.67	NA	74	–160	0.37	246
Evans Products/building materials	5⅜	–5.80	NM	—	2.75	NA	1	–55	0.39	199
Manufacturs Hanover/bank holding	25⅜	8.21	3.1	12.5	9.15	9.4	18	8	0.39	88
Petro-Lewis/oil, gas exp, prod, dev	4¼	–0.25	NM	—	–0.05	NA	146	63	0.40	323
Twin City Barge/maritime	1¼	–6.74	NM	—	NA	NA	29	–172	0.41	472
Marine Midland Banks/bank holding	20⅛	4.71	4.3	8.0	5.87	21.0	19	13	0.41	52
Barber-Greene/construct machinery	5	–14.31	NM	—	–2.00	NA	–9	–141	0.41	19

The Pure Play Growth Fund

With fat earnings gains, these stocks are already popular. But the market can also be ruthless if today's favorites fail to meet lofty expectations.

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
Academy Insur Grp/insurance	8¾	$1.11	7.9	2.3%	$1.70	57.4%	64%	2,000%	1.63	35%
Yankee Oil & Gas/integrated gas	9⅛	1.41	6.5	—	1.58	NA	NM	1,400	3.43	97
Helen of Troy/cosmetics	7	0.66	10.6	—	NA	NA	68	758	1.70	54
Jeffrey Martin/cosmetics	6½	0.83	7.8	—	0.80	–1.2	264	481	3.59	0
CPI Corp/industrial svcs	18⅞	1.45	13.0	—	NA	NA	43	429	6.09	3
Sparkman Energy/gas transmission	12½	1.22	10.2	—	2.80	109.0	140	394	2.95	74
First Executive/insurance	10⅞	1.09	10.0	—	1.67	67.4	248	392	1.12	NA
Amfesco Inds/footwear	12¼	2.15	5.9	—	2.50	4.6	54	348	1.75	3
Phoenix American/financial svcs	6¼	0.95	6.6	—	1.30	NA	280	345	2.75	NA
Commodore Intl/computer equip	28⅞	4.46	6.5	—	6.01	110.1	215	314	4.63	48

The Pure Play Growth Fund

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
BR Communications/electronics	16¾	$0.96	17.4	—	$1.61	59.7%	92%	250%	2.96	NA
Quick & Reilly Grp/securities brokerage	16½	1.38	12.0	1.2%	1.40	1.5	145	232	7.86	6%
Key Pharmaceuticals/ethical drugs	12½	0.55	22.7	1.3	1.08	112.0	210	230	7.49	70
Avant-Garde Comptng/software	19⅛	0.32	59.8	—	0.90	800.0	289	200	NM	76
Dysan/computer equipment	10	0.57	17.5	—	0.75	66.1	108	198	0.94	6
General Homes/building	6½	0.79	8.2	—	1.40	–7.9	68	184	1.55	334
Berg Enterprises/real estate	9	1.58	5.7	—	1.60	17.5	47	159	2.34	2
Gulfstream Aerospace/aerospace	15⅞	1.84	8.6	—	2.03	25.0	83	153	2.79	24
Southern Hospitality/restaurants	3⅞	0.31	12.5	—	0.50	85.2	51	144	1.70	340
GTS/oilfield svcs	7⅞	0.85	9.3	—	1.75	150.0	37	134	3.94	19
Liz Claiborne/apparel	38½	2.61	14.8	1.3	4.09	92.2	95	119	9.80	0
Dreyfus/financial svcs	26¼	3.22	8.3	3.7	NA	NA	69	116	3.00	81
Provincetown-Boston Air/airline	9	0.48	18.8	—	1.20	114.3	111	110	4.31	153
Limited/retail	19	1.24	15.3	1.3	2.10	77.7	57	106	5.85	11
Comair/airline	10¾	1.12	9.6	—	NA	NA	326	105	4.01	39

The Pure Play Analysts' Choice Fund

Based on 1985 earnings estimates, these 25 issues show the largest percentage increases from 1983 results. Future multiples are quite low, however, which means investors are leery about many of these cyclical firms.

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
BF Goodrich/tire and rubber	28½	$1.65	17.3	5.5%	$ 6.00	782.4%	2%	–22%	0.65	49%
Alcan Aluminium Ltd/aluminum	27½	1.53	18.0	4.4	6.44	695.4	5	–22	0.95	54
Singer/precision inst	28⅝	1.14	25.1	0.3	4.35	579.7	0	NA	1.85	1
Marshall Inds/electronics	23¾	2.49	9.5	—	3.58	563.6	24	23	4.85	164
Clark Equip/industrial equip	28	0.97	28.9	3.9	4.79	456.5	–13	–22	0.87	27
Foxboro/electrical equip	29½	0.68	43.4	3.5	3.34	414.3	3	–19	1.18	6
Chrysler/auto	25¼	4.40	5.7	0.6	11.03	369.3	4	NA	2.69	81
Arrow Electronics/electronics	21⅝	1.41	15.3	0.9	3.79	346.3	27	–8	2.18	186
Mead/paper & forest prods	31	1.83	16.9	3.2	5.59	330.0	6	–18	1.08	69
Black & Decker/tools	22⅛	1.05	21.3	2.9	2.75	323.1	3	–13	1.90	29
Data General/computer equipment	48½	1.46	33.2	—	3.81	297.2	28	–11	2.34	33
Signal Cos/industrial machinery	26⅝	2.33	11.4	3.5	3.45	283.0	28	–18	1.16	11
Joy Mfg/construct machinery	23¼	0.92	25.3	6.0	2.64	282.6	–2	–24	0.90	13
United Energy Res/natural gas	24	0.57	42.1	10.3	3.98	282.4	7	–19	0.74	53
St Regis/paper & forest prods	37	1.77	20.9	3.0	5.23	270.7	3	–16	0.94	48
Federal Paper Board/paper products	36½	2.75	13.3	3.3	6.82	265.4	9	–9	1.37	140
Georgia-Pacific/paper & forest prods	18⅝	1.17	15.9	3.2	3.53	264.1	6	–17	0.96	65
Chesapeake/paper products	32	1.57	20.4	3.6	4.81	261.7	5	–9	1.17	28
Paccar/auto	41¼	2.93	14.1	2.9	7.45	259.9	–6	–17	1.24	2
Koppers/diversified chemical	19⅜	1.08	17.9	4.1	2.86	252.7	–4	–20	1.00	37
Aluminum Co of Am/aluminum	37⅞	3.24	10.1	3.7	7.14	251.9	3	–17	0.85	51
Esterline/precision inst	27⅜	1.43	19.3	2.3	3.13	244.3	–1	–11	2.77	35
Lotus Development/software	18¼	1.41	13.3	—	3.37	243.5	NA	NA	5.00	0
Allen Group/auto parts	19½	1.78	11.0	2.6	3.43	233.3	1	–13	1.47	43
Moore McCormack Res/iron ore	21½	1.49	14.4	4.8	4.43	232.7	10	–18	0.55	103

multiples in the IBES universe. The P/Es of this group range from 1.4 to only 4.1. The list has several depressed electric utilities and banks, along with cyclical giants such as Ford. A choice list? Hardly, but that's what the computer gave us.

Second, The Pure Play Book Value Fund, on page 97, includes the 25 stocks selling at the deepest discount from book value. The late, great Ben Graham was attracted to such bargains. Sure, he also liked strong balance sheets and income statements. But we kept things simple. That's why you will find potentially promising situations like Biotech Capital mixed in with leveraged moneylosers such as Charter Co. and Wheeling-Pittsburgh Steel. Utilities and banks, not well regarded at the moment, show up here, too.

Third, The Pure Play Growth Fund, shown on page 97. For this portfolio we drew on our definition of Up & Comers, FORBES' annual compilation of the nation's choicest young companies. The computer scanned the IBES universe to pick the 25 stocks that rank highest based on a composite of performance measures. These are the cream of growth stocks. Each has a four-year earnings growth rate of 100% or better, a four-year sales growth rate of 30% or better and a latest 12-months' return on equity of at least 25%.

Finally, Wall Street gets its chance to shine in The Pure Play Analysts' Choice Fund, which appears on page 98. These are the stocks that the professionals expected to post the largest earnings gains by comparing actual 1983 results with consensus profit estimates for 1985. The earnings projections come from the thousands of analysts who contribute to IBES. What do they like? Paper and forest products companies are well represented. So are capital goods producers. But newcomer Lotus Development also makes the grade.

We will report on the performance of these funds regularly and modify them from time to time as necessary. Are we out to prove anything? Not really. Just to have a bit of fun with some of Wall Street's more pompous theories and pretenses. ■

The Smart Dart Fund

A microcomputer picked this portfolio at random. In theory, it should match the market averages. But if our original Dart Board Fund is any guide, performance will be considerably better.

Company/business	Recent price	Latest 12-month EPS	Latest 12-month P/E	Yield	—Estimated EPS— 1985	—Estimated EPS— % change '85 vs '83	4-year growth sales	4-year growth EPS	Price/ book value	Debt/ equity
American Sterilizer/health care equip	16¼	$1.66	9.8	2.7%	$2.20	25.0%	18%	23%	1.19	14%
Ampad/paper products	21¾	1.63	13.3	2.4	2.30	46.5	NA	NA	2.29	25
Argosystems/electronics	17	0.81	21.0	—	1.08	41.6	39	43	4.06	0
Bellwether Explor/oil and gas expl & dev	3¼	0.21	15.5	—	0.25	25.0	65	–13	1.73	43
Big Bear/grocery stores, retail	9½	1.58	6.0	—	2.00	25.8	14	38	1.44	113
Burndy/electronics	15⅝	1.09	14.1	5.5	1.98	95.9	–2	–10	1.41	13
Dreyer's Grand Ice Cream/ice cream	18¼	0.74	24.7	—	1.26	80.2	69	100	4.93	6
AG Edwards/securities brokerage	22¼	2.16	10.3	3.6	2.70	25.0	NA	NA	1.75	0
Forest Labs/drugs	15	0.54	27.8	—	1.95	261.1	22	NA	6.05	12
Home Centers of Am/home products	9¼	–1.16	NM	—	0.55	NA	NA	NA	6.17	270
Infodata Systems/computer software	7½	–0.64	NM	—	0.80	247.8	39	250	4.10	17
Intl Banknote/printing	4⅜	–1.26	NM	1.8	0.79	NA	3	–74	4.92	174
Iomega/computer equipment	5⅛	–0.67	NM	—	0.63	NA	NA	NA	NM	NM
Penn Central/multicompany	46	–0.15	NM	—	4.34	NA	33	–32	1.27	17
Rainier Bancorp/bank holding	36⅝	5.15	7.1	4.8	6.28	28.1	9	5	0.90	18
Richardson-Vicks/cosmetics	26⅛	2.05	12.9	5.6	3.06	45.5	9	0	2.37	36
Sandwich Chef/fast food	7½	0.58	12.9	—	0.83	19.1	36	18	1.40	1
SIS Corp/fast food	6⅛	0.14	45.5	—	NA	NA	NA	NA	2.41	36
Steiger Tractor/agricultural equipment	8	0.49	16.3	—	1.46	NA	–1	–36	0.80	25
Texas Am Bancshares/bank holding	37½	3.61	10.4	4.1	4.82	31.6	23	6	1.26	32
Time/publishing	40½	2.86	14.2	2.0	4.10	96.3	22	1	3.73	42
Toro/appliances	11¼	1.36	8.3	—	1.42	999.0	–8	–27	1.40	61
Ultrasystems/engineering, construction	18½	0.72	25.7	0.3	1.58	118.8	62	NA	4.03	0
Victoria Bankshares/bank holding	21	2.32	9.1	4.8	2.64	8.3	26	6	0.98	16
Winnebago/recreational vehicles	10¼	0.84	12.2	1.0	1.87	196.3	3	NA	2.69	4

NA: Not applicable, not available. NM: Not meaningful.

Sources: Disclosure II & Lynch, Jones, & Ryan's Institutional Brokers Estimate System (IBES) Data on diskette via MicroScan from ISYS Corp. FORBES Statisticians: Leslie Pittel, Barbara Kallen.

years. In its new acquisitions, the company is amortizing the goodwill over a full 40 years to reduce current charges. Legal? Yes, but full of risky assumptions about how long Crime Control can retain the customer base it purchased. "If I were the auditor I would be much more comfortable with a 10-to-15-year period," says Julian Jacoby, a partner at Laventhol & Horwath.

It's no petty point. The longer amortization schedule greatly increases reported profits. This year, using the 40-year schedule, Crime Control will write off $393,000 in goodwill. Had it used a more conservative 13-year schedule, the writeoff would rise to $1.2 million and pretax profits would fall by 20 cents a share.

This question of goodwill amortization is important because the acquisitions didn't come cheap. For example, Clark paid $16 million, or 27 times earnings, to buy McCane-Sondock Protection Systems, Inc., a Houston-based alarm company.

No matter how many rules the accountants write, a smart fellow can find ways to bend them to his advantage. Clark is wise in the ways of accounting; he is a former tax accountant with Ernst & Whinney. But investors are becoming skeptical of fancy bookkeeping. After the Radio Shack decision, the price on Crime Control stock fell from 22¾ to 12 in a 2½-month period. It recently traded at around 10. That leaves Clark well under water with his stock and leaves his friendly bank with shrinking collateral. What next? ■

What common thread distinguishes a great company from an ordinary one?

A search for excellence

By Ben Weberman

THE FEDERAL RESERVE BANK of Atlanta last year asked Wall Street analysts for their choices of the top companies in the Southeast. Delores Steinhauser of the Fed's research staff and her colleagues also asked the 40 or so branch directors for nominations—"companies that are well respected, will last for a long time, have some kind of enlightened management style and have good growth of sales and earnings."

This quest produced a list of about 100 companies. The Fed researchers winnowed out all but those that were in the top two in their industries in five-year compound growth in net sales, return on assets and return on equity. The residue was a list of 22 premier Dixie companies.

Dixie dandies

Good management leads to good numbers. The 12 financial concerns on a list of high performers companies listed below are the only public non- selected by the Federal Reserve Bank of Atlanta.

Company	Sales 1983 (millions)	Sales 5-year growth rate	Pretax income 1983 (millions)	Pretax income 5-year growth rate	Latest 12-month EPS	Indicated dividend	Quarterly net income per share most recent	Quarterly net income per share 1 year ago	Stock price recent	Stock price 52-week range
Charter Medical	$ 358.7	31.0%	$ 48.0	49.8%	$1.54	$.80	$0.49	$0.37	25	29⅞–17½
Coca-Cola	6,828.9	10.6	1,000.0	8.0	4.21	2.76	1.02	0.90	57⅛	59⅞–45⅝
Federal Express	1,008.1	44.8	150.2	52.5	2.53	1.36	0.60	0.46	34⅜	48½–27¾
Flowers Inds	522.3	16.1	35.2	14.0	1.36	0.50	0.25	0.21	20⅜	21¼–16⅛
Home Depot*	256.2	488.6	19.0	197.8	0.41	NM	0.13	0.06	23⅛	31⅛–14
Intelligent Systems*	90.1	49.7	15.4	75.2	0.84	NM	0.30	0.12	12¾	26½–12¾
Key Pharmaceuticals	127.4	80.3	34.1	93.3	0.51	0.16	0.13	0.09	12¾	25¾–10⅝
Management Sci Am	139.1	39.5	19.1	48.5	0.76	NM	0.03	–0.17	19¼	33 –14½
Nucor	542.5	10.0	47.6	–7.3	2.11	0.36	0.38	0.25	29⅜	44¼–26
Oxford Inds	516.7	18.1	42.6	28.4	2.14	0.40	0.42	0.38	13½	25¼–12⅛
Russell	318.7	12.7	47.1	11.5	1.37	0.30	0.26	0.24	12¼	18⅜–12⅛
Sonoco Products	686.6	13.0	63.1	6.2	3.72	1.18	0.95	0.65	41	46½–39

*Sales and income figures as of end of fiscal year 1984.
NM: Not meaningful.

The Fed's finest

As the 22 premier companies listed below demonstrate, corporate excellence comes in all sizes and all ages.

Company	Age in years	Employees (12/31/83)
Bank Earnings Intl	8	122
Hayes Micro	6	350
Intelligent Sys	11	420
Key Pharm	37	1,150
Nissan	4	1,800
Management Sci Am	21	1,857
Home Depot	6	2,400
Nucor	18	3,700
Trust Co of Ga	93	4,671
Wachovia	105	6,544
Charter Medical	15	8,500
Russell Corp	82	8,800
Flowers Industries	65	9,065
Sun Banks	50	9,200
Sonoco Products	85	10,008
Barnett Banks	107	10,669
Oxford Industries	42	12,884
Days Inns*	14	13,500*
Federal Express	11	17,059
Publix Super Mkts	54	33,985
Delta Air Lines	55	37,239
Coca-Cola	98	39,792

*Includes approximately 6,000 employees at franchises.

Source: Federal Reserve Bank of Atlanta.

It's a varied list, ranging from $6.8 billion (sales) Coca-Cola to $90.1 million Intelligent Systems, and from 4-year-old Nissan Motor Manufacturing, USA, to 107-year-old Barnett Banks of Florida *(see list above)*.

What do they have in common? Most important is a commitment to technology, says Donald L. Koch, former head of economic research at the Atlanta Fed (and now at Robinson Humphrey, a regional brokerage firm owned by American Express). It's no secret that Nucor, the steel minimill (FORBES, *Apr. 30*), has advanced technology. But state of the art is also the key at Russell Corp., an 82-year-old, Alabama-based producer of athletic apparel that has grown 12% compounded in both sales and earnings over the past five years, mainly because it has one of the most automated production lines in the industry.

But not all are technology-directed companies. Take $2.8 billion (sales) Publix Super Markets of Florida, whose 2% net margins exceed the 1.7% national average for food stores. Publix' stock is not publicly traded, but most employees are stockholders directly or through ESOP. And Publix has no organizational chart or policy manual. What does it have that is different? Highly motivated workers, workers who really care.

Any other common threads? Most of the 22 companies have decentralized decision making and generally informal management, says the Fed's Steinhauser. Most talk about a sense of "mission." Most encourage employee stock ownership. In short, all of them are people-oriented rather than product-oriented.

There is $256 million (sales) Home Depot. Its corporate policies often originate in meetings between small groups of employees and Chairman Bernard Marcus, who visits each of the company's 21 stores at least every three months. "The idea is for me to listen," says Marcus. "I cannot tell you how much money this company has saved by listening."

At Nissan and Nucor there are no reserved parking spaces for officers. At Hayes Microcomputer Products there are no executive offices; everyone, including founder Dennis Hayes, works in a cubicle with no door.

Some of the 22 are thriving even in tough areas like the baking industry, where Flowers Industries has had compound sales growth increases of 16% over the past five years and has averaged 19% return on equity. Flowers takes over ailing local bakeries and revives them with modern equipment and specialized product lines.

A single common thread? Only this: Each of the elite companies has found a way to motivate rank and file workers as well as top management. Is American business listening? ■

TV station prices are climbing in anticipation of FCC changes in the old antimonopoly rules that will allow companies to own more than seven stations.

Decontrolling television

By Jeffrey A. Trachtenberg

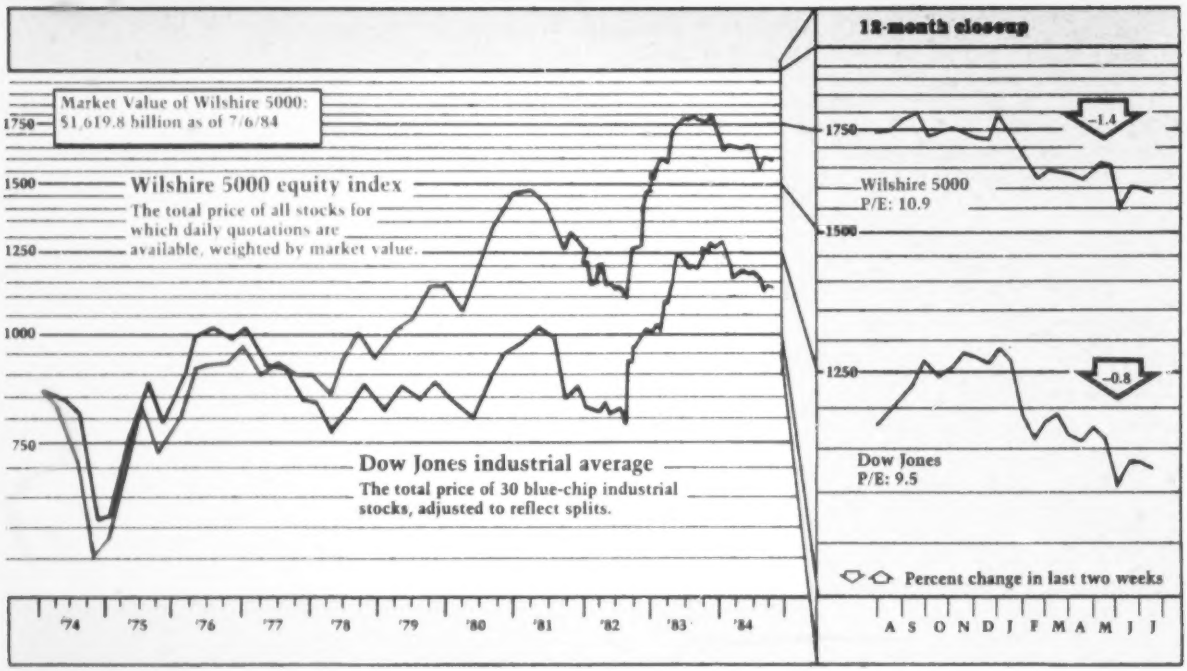
PRICES FOR TELEVISION stations are climbing and will likely climb higher because of the expected changes in the Federal Communications Commission's ownership rules. Today the limit per company is seven TV stations, a maximum of five VHF (channels 2 to 13) and up to seven UHF (channels 14 to 83), plus up to 14 radio stations.

"If the cap is lifted, you could see some big acquisitions," says Jim Sefert, president of the Cosmos Broadcasting Corp., a wholly owned subsidiary of the Liberty Corp., which runs six TV stations now. So sure are broadcasters that the rules will be rewritten—perhaps before the FCC breaks for its August recess—that they have already begun spending.

SFN Cos. of Glenview, Ill. (it used to be part of Scott, Foresman, the book publishers), for example, just completed the acquisition of Western Broadcasting for $116 million. Included in the deal were television stations in San Juan, Puerto Rico, and Columbus and Augusta, Ga., plus three radio stations.

SFN, traded on the New York Stock Exchange, has also announced its intention to buy WFTV in Orlando, Fla. for $125 million. Although the rule-of-thumb multiple is 10 times cash flow, SFN is paying about 13. "We moved quickly on both our deals because we felt it would be more difficult for a company like ours to acquire desirable Sunbelt properties if the seven rule is changed," says Jack Purcell, SFN chairman and president. "Big companies now at their limit

The Forbes/Wilshire 5000 Review



The rally that hasn't come. The market's strength in late May and early June gave investors cause for hope. But the first few weeks of the summer have been marked by lackluster volume and generally small day-to-day swings in the major indexes. The Dow industrials lost 0.8% during the last two weeks, while the NYSE fell 1.3%. Secondary issues slipped a bit more: The Amex declined 2.4% and the NASDAQ was off 1.8% during the period. The Wilshire index shows that the overall market declined some 1.4%.

Investors continue to flock to defensive groups such as foods, drugs and cosmetics. The yardsticks below, for example, illustrate how much conservative issues have outpaced their more speculative counterparts. High volatility shares are off some 26.5% during the last 52 weeks, while low volatility shares are up a modest 0.2%.

The August 1982 rally, of course, surprised most investors. So the fact that there is probably more bullish sentiment now than there was two years ago isn't necessarily a positive sign. Could the market break beyond 1140 on the Dow in the next few weeks? Sure. But so far the economic issues that are keeping the big money in cash and government securities have made this a hot, sweaty summer on Wall Street.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-1.6	-1.4	-0.8	-1.6	-3.2	-1.5
in last 52 weeks	-12.6	-8.7	-7.0	-9.3	-19.7	-25.9

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-2.1	-2.4	-4.0	-0.4	-2.5	-1.1	-1.0	-2.6	-3.8	0.0	0.0	-3.8
in last 52 weeks	-11.6	-19.1	-26.5	0.2	-28.5	-12.5	-0.4	-18.3	-22.8	0.9	-7.4	-23.5

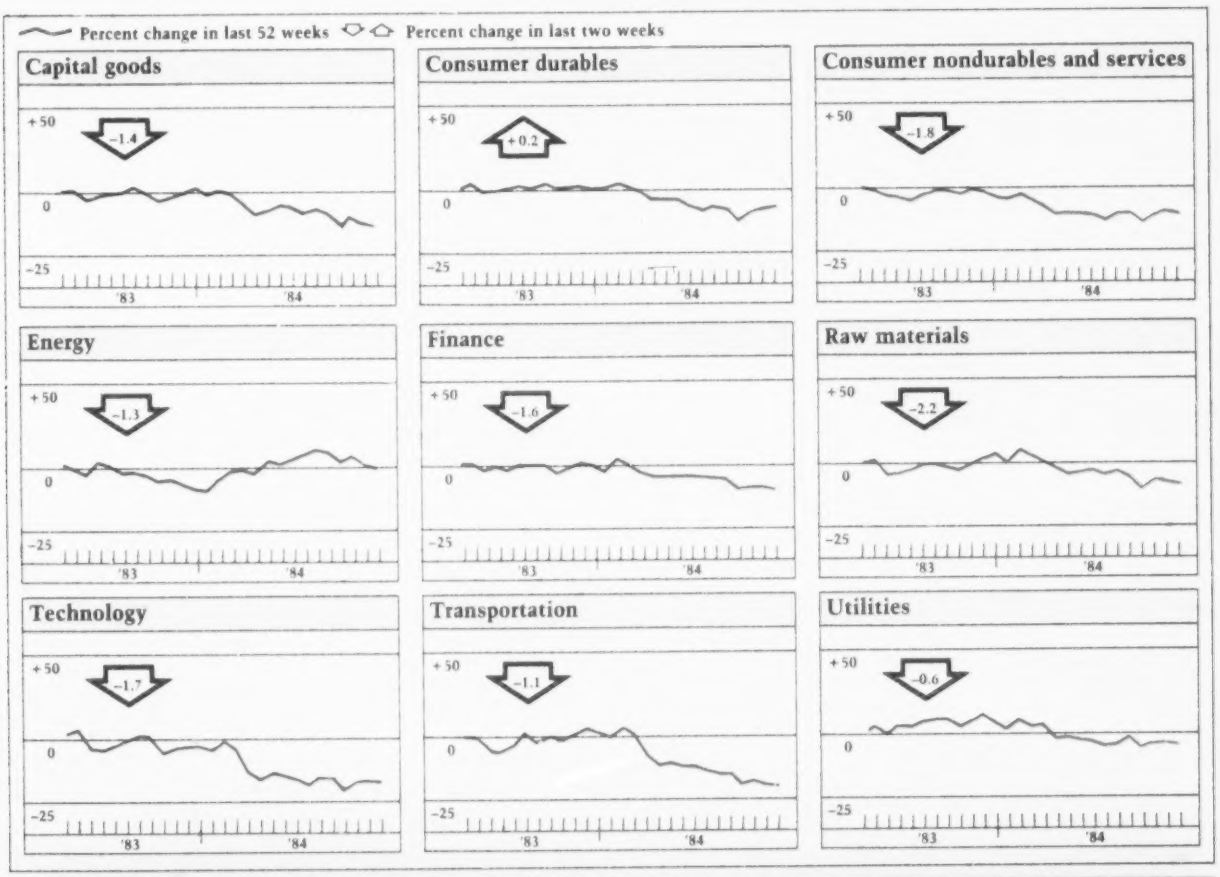
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Good times, bad times. As Wall Street's recent winning streak fell apart in a series of losing sessions, investors could do little but count their losses and hope for better days. Indeed, it has been a discouraging year for all nine Wilshire sectors. Over the last 52 weeks technology stocks fell by 21.4%; and transportation issues, 21.2%. In fact, while all sectors are down for the 12-month period, only energy and utility issues avoided double-digit losses.

During the latest two weeks the raw materials sector suffered the largest setback, a 2.2% decline. Consumer nondurables and technology shares followed with respective losses of 1.8% and 1.7%. The only sector to stay in positive territory for the period was consumer durables, which registered a 0.2% gain.



What The Analysts Think

More fine-tuning. During the last two weeks security analysts reduced their earnings estimates on six of the Wilshire sectors. The largest downward revision came in capital goods. On a more positive note, however, the experts raised their earnings forecasts for transportation, utilities and consumer durables.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.88	11.0
1984 estimates	4.00	8.0
1985 estimates	4.81	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Transportation	$2.69	1.34%	-0.74
2	Utilities	3.51	0.39	0.26
3	Consumer durables	3.24	0.05	-1.73
4	Energy	2.74	-0.37	-3.21
5	Technology	1.92	-0.59	-7.02
6	Raw materials	3.26	-0.69	-3.85
7	Finance	3.65	-0.98	-8.39
8	Consumer nondurables	2.57	-1.01	-2.25
9	Capital goods	2.36	-1.62	-2.09

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 7/6/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

The Korea Stock Exchange
Primitive, but potentially profitable.

(Korea Herald)

The Funds

inflation, it seems to have stabilized for the moment. There was an estimated real growth of about 9.3% in GNP last year, while the wholesale price index rose only 0.2%. Much of that growth was export-driven (steel, color televisions, container ships), and for a while there was a celebration on the floor of the Korean Stock Exchange. The gala, though, was choked off by the collapse of a speculative bubble in real estate and by the kind of recurring political collisions that investors in the Korea Fund will have to learn to live with—notably the Soviet attack on the Korean Air Lines plane last September and the assassination of a number of high-level government officials by North Koreans in Burma about a month later.

The Korean stock market is so small and thin (the average daily trading volume last year ran around $7.5 million) that Scudder will have to move carefully to avoid giving locals a free ride in the comparatively short list of stocks that qualify as investment grade. With the issue still in registration, Scudder is not talking to reporters.

It's a good bet, though, that it might take the fund as much as six months to a year to get fully invested.

Last year the 25 most actively traded stocks generated about half of the market's turnover. That is thin stuff, indeed. Symbolic of the early evolutionary stage of the economy, the most active list was weighted with basic industry: construction companies like Chinheung International and Sam Ho International, cement producers like Ssangyong, and also Korea Ship Building Engineering Corp.

Like the Japan Fund, the Korea Fund will draw on the resources of a local subadviser, in this case, the Daewoo Research Institute. The institute is a subsidiary of Daewoo Securities Co., Ltd., the republic's biggest brokerage firm and itself the subsidiary of one of the nation's biggest conglomerates. Scudder is charging stockholders a fairly hefty annual fee of 1.1% of assets; about a fourth of this goes to Daewoo. The hope is that the local input, coupled with Scudder's own legwork, will help the fund get in on the ground floor of a still basic, erratic but fast-growing economy. The risks are obvious. So, also, are the opportunities. ■

Statistical Spotlight

When it comes to the banks, the stock market seems to be doing its homework, rewarding quality rather than quantity.

Different kinds of big

By Ben Weberman

J.P. MORGAN & CO. RANKED ahead of BankAmerica, which is more than twice as big; Texas Commerce Bancshares came out ahead of Manufacturers Hanover, more than three times as big. That is what happens if you rank banks by market value, as we do in the table opposite, rather than by assets or deposits.

When it comes to stock market valuation, regional banks show up prominently, while big money center banks are out of favor. The regionals, of course, are considered less likely to have large international loan losses, and to be handy merger candidates.

Charles Zwick, CEO of Florida's Southeast Banking Corp., paints a glowing picture of the prospects of regional superbanks if the deregulation process allows regional interstate banking before full national interstate banking. "Southeast already has an arrangement with the $5.8 billion (assets) First Atlanta Corp.," he says, "and with the addition of one of the three largest North Carolina banks, say Wachovia, we'd be bigger than any but one of the top seven on your table. We could compete on any level in any field." The market seems to buy his argument: Recently Southeast stock sold at 8 times earnings, compared with 5 for New York City banks.

So why is J.P. Morgan doing so well in a market that shuns big-city banks with big international loan exposure? Because Morgan has been forthright about potential losses, increasing its credit-loss reserves by $131 million, from $346 million to $477 million, or 1.4% of total loans outstanding.

Compare that with another big bank, Manufacturers Hanover. It's tenth in market value even though it is fourth in assets, and at the end of this year's first quarter reported a low 1.7% level of total nonperforming

loans. But the market is skeptical. In contrast to Morgan's steadily increasing loan-loss reserve, Manny Hanny's $432.8 million reserve was a modest 0.9% of loans outstanding at the end of last year. At the end of the first quarter, according to Mark Alpert, bank stock analyst at Bear, Stearns & Co., MHT was still classifying only $95 million of its $7.1 billion in Latin American exposure as nonperforming. That's 1.3%, compared with the peer average of 9.5%. But in mid-June, in connection with an SEC filing, the bank revealed that about $735 million of Argentinean loans were in renegotiation. True, even if that amount were classed as nonperforming, as the bank said, its total would still be only about 3%, "which compares favorably with the first-quarter average for its peer group." But how many other loans, not in the public eye like Argentina's, is Manny Hanny not talking about?

Wholesale banks such as Bankers Trust, which do little business with the public, also come out looking good on the market value list.

But the real stars remain the regionals. Take $19.5 billion (assets) Texas Commerce Bancshares, which ranks 20th among U.S. banks in assets and 21st in deposits but 6th in market value. It's no mystery, says Texas Commerce Vice Chairman Marc Shapiro, "we emphasize lending systems that have protected our credit quality." Every loan over $100,000 must be approved unanimously by a management credit committee. Every one over $4 million goes before a senior loan committee. Says Shapiro: "We are not really very diversified. We make money from taking deposits and making good loans."

Texas Commerce is among 7 companies (of the 1,550 listed on the New York Stock Exchange) that showed increased quarterly profits year to year for 15 years. Among the 25 largest banks, it ranks first in both assets and earnings growth over the past decade (21% and 17%, respectively) and in return on assets (1%) and return on equity (18%).

This is the kind of quality the stock market is rewarding these days. What counts is not how big a bank is, but how good it is. ■

How the market ranks the banks

These days investors are looking at more than the traditional measures of a bank's size and strength. Merger potential, credibility of reported earnings, and loan exposure all help produce the rankings below.

Bank	Market value* (million)	Shares out (million)	Recent price	Assets total (billion)	Assets rank†	Deposits total (billion)	Deposits rank†	Net income (million)	Net income rank†
1 Citicorp	$3,828.1	125	30⅝	$134.7	1	$79.8	2	$860.0	1
2 JP Morgan	2,547.1	41	62⅛	58.0	5	38.1	5	460.0	2
3 BankAmerica	2,381.3	150	15⅞	121.2	2	95.8	1	390.5	4
4 Security Pacific	1,563.3	37	42¼	40.4	9	27.8	9	264.3	7
5 Chase Manhattan	1,378.1	35	39⅜	81.9	3	56.3	3	429.6	3
6 Texas Commerce	1,308.0	32	40⅞	19.5	20	13.1	21	177.0	12
7 First Interstate	1,286.4	41	31⅜	44.4	7	32.0	7	247.4	9
8 Bankers Trust	1,155.0	30	38½	40.0	10	22.8	11	256.9	8
9 Chemical NY	1,104.0	46	24	51.2	6	32.5	6	305.6	6
10 Mfrs Hanover	990.0	40	24¾	64.3	4	42.3	4	337.0	5
11 Mellon National	975.0	26	37½	26.4	13	15.7	16	183.8	10
12 First Chicago	933.8	45	20¼	36.3	11	27.7	10	183.5	11
13 Allied Bancshares	931.1	39	23⅞	7.9	39	6.5	36	98.8	22
14 PNC Financial	825.0	22	37½	12.2	27	7.4	29	117.0	18
15 Wells Fargo	771.0	24	32⅛	27.0	12	20.4	12	154.9	13
16 Banc One	743.8	34	21⅞	7.3	43	5.9	41	83.3	29
17 Wachovia	734.0	16	45⅞	7.9	40	5.8	42	84.6	28
18 RepublicBank	715.5	27	26½	19.1	21	13.9	17	130.2	15
19 Norwest	703.5	28	25⅛	19.9	18	13.6	19	125.2	17
20 First Bank Sys	693.8	30	23⅛	20.9	17	13.4	20	129.7	16
21 Trust Co of Ga‡	666.0	24	27¾	4.9	73	3.5	77	73.0	32
22 Bank of Boston	584.3	19	30¼	19.5	19	12.4	23	135.7	14
23 Barnett Banks	558.0	16	34⅞	9.4	30	8.1	28	81.9	30
24 Harris Bankcorp**	545.1	7	77⅞	7.4	42	5.1	46	31.3	72
25 Sun Banks‡	528.0	22	24	8.9	31	7.3	30	46.3	49
26 First City Bancorp	512.0	32	16	17.3	23	13.7	18	49.8	43
27 Corestates Finl	506.3	15	33⅜	8.6	34	6.1	37	85.4	26
28 Mercantile Texas	506.3	25	20¼	11.9	28	9.0	25	100.4	21
29 Norstar Bancorp	457.5	15	30½	5.4	69	4.5	58	58.3	35
30 Irving Bank	450.0	9	50	18.6	22	12.6	22	92.5	23

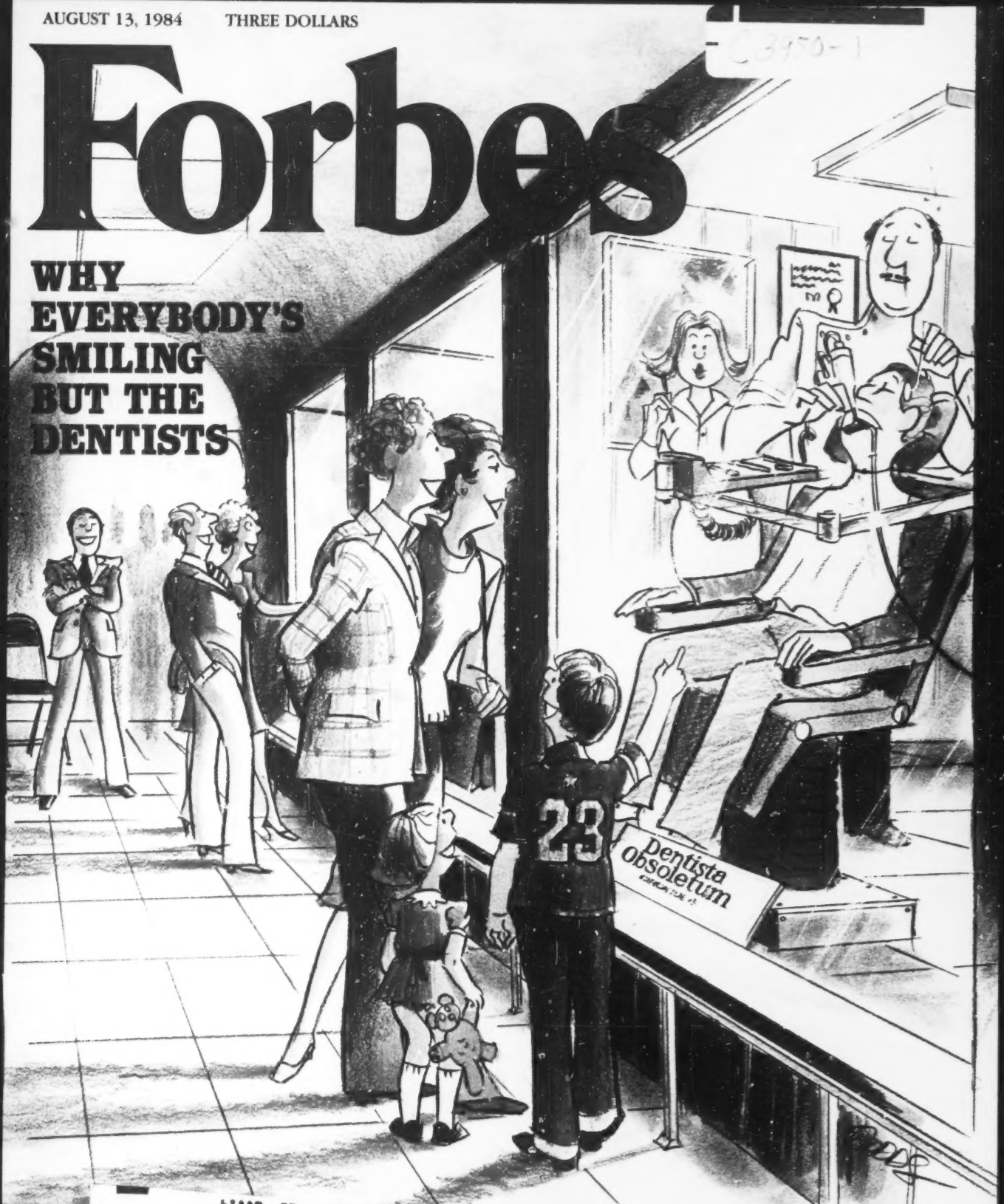
*As of June 29, 1984. †Among the 100 largest. ‡Trust and Sun have reached a merger agreement expected to be effective 7/1/85. **The proposed purchase of Harris by the Bank of Montreal is pending regulatory approval.

Sources: MicroScan, Forbes

AUGUST 13, 1984 THREE DOLLARS

Forbes

WHY EVERYBODY'S SMILING BUT THE DENTISTS



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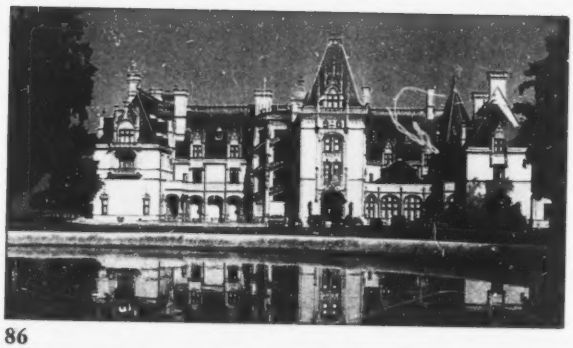

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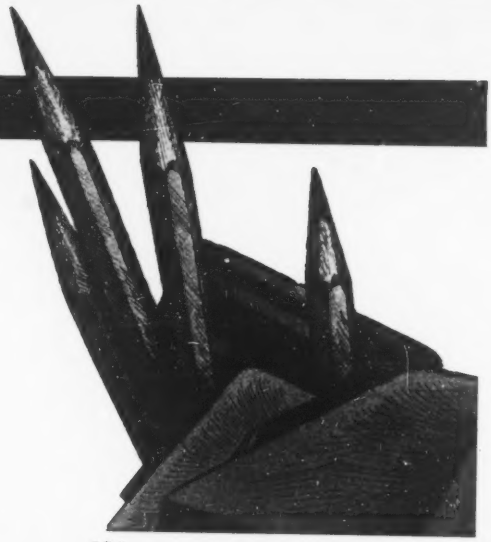

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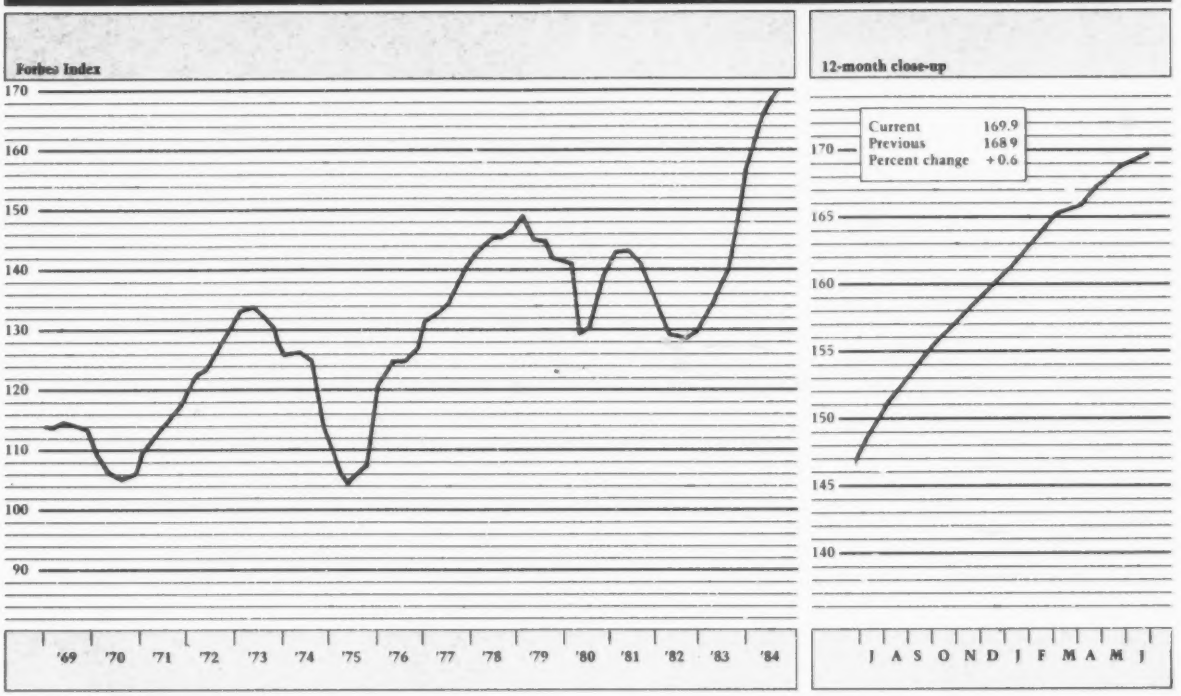
Cover illustration: Glenn Dodds

The Forbes Index



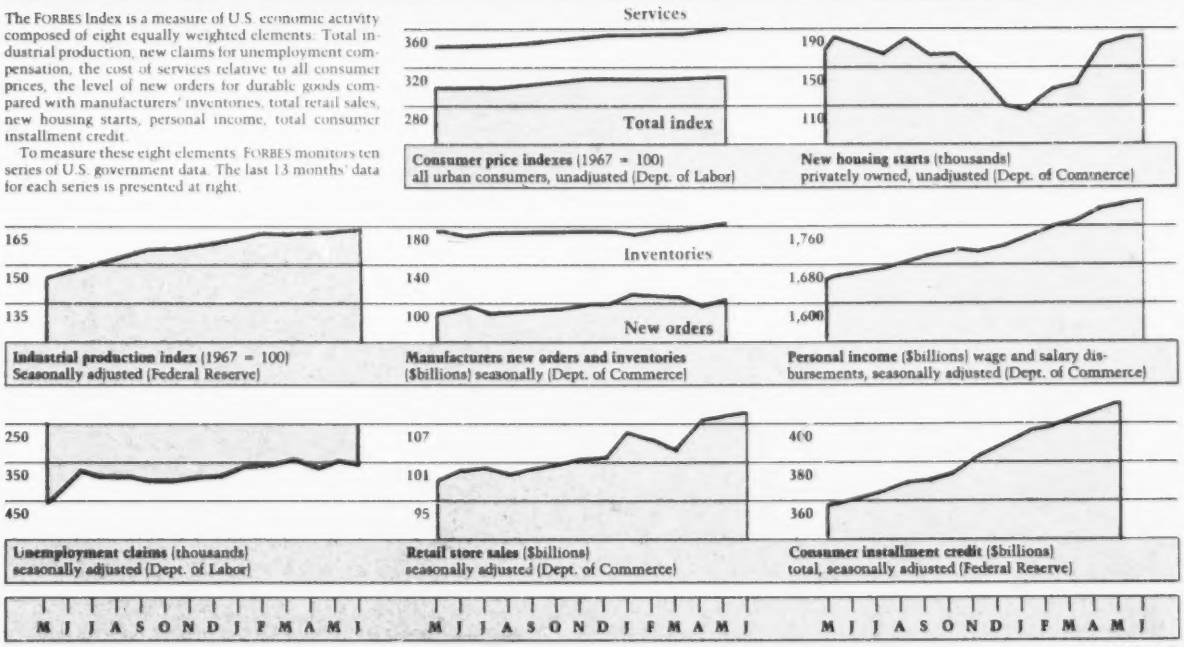
Back on the upward path. After a slowing in the previous two weeks, the Forbes Index is gaining speed again. The Index has been rising steadily since the fall of 1982. This time the 0.6% gain stems from healthy increases in three key components—rather than the statistical aberrations that boosted results last period. Industrial production, retail sales and housing starts are all up smartly.

With the recent gain, industrial production has increased nearly 5% since the beginning of the year. Even though housing starts are growing more slowly than they were in January, the pace of new building has risen smartly from last month. Retail sales, meanwhile, are on an even stronger upward trend. Over the past 12 months, they are up by almost 10%.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Shedlin Doll

Here are the principal players in the generic drug game. Note: lots of opportunity here, but plenty of competition, too.

Life on the fast track

By Richard Phalon

GRANTED THAT the spread of generic drugs is bad news for established drug companies. For whom is it good news?

Mylan Laboratories and Zenith Laboratories (FORBES, *Dec. 6, 1982*) are the biggest of the four publicly owned generics companies in a highly fragmented industry that moved about $800 million worth of prescription drugs over pharmacy counters last year. Some trade-name producers (Pfizer and SmithKline Beckman, among others) work the generics side of the street as well as their own. Then there are 30 or so private manufacturers.

The play is keyed to high-margined brand-name drugs that are coming out from under patent protection: Merck's Indocin, for example, a formerly exclusive antiarthritic drug that is now being sold at 30% to 50% below the former price under private label and its chemical name of indomethacin by Mylan. Or the diabetes drug Diabinese, on which Pfizer's nicely profitable lock will run out in October. Bolar Pharmaceutical and several other generics producers, anticipating the patent runoff, will soon be selling the drug under its chemical name of chlorpropamide.

Growth is the name of the game, which is a major reason the stock market puts pricey multiples of up to 47 times earnings on the four pure plays in generics *(see table)*. As recently as nine years ago, generics accounted for only 9.5% of prescription drugs sold in the U.S. Now they amount to at least 15% and are rising rapidly. Last year retail prescriptions filled by generics expanded 13%, while the prescription market as a whole grew only 3%.

The impetus for that growth comes from a number of forces: federal, state and insurance company efforts to put a lid on rising medical costs, as well as the marketing muscle of cost-conscious discount drug chains, which now account for more than half of all the nation's pharmacies.

The generics push is biting into the profit margins of some of the industry's old-line, trade-name producers. Upjohn Co., for example, recently cut the price of Motrin, an anti-inflammatory drug, by as much as 35%. Why? Because it is under attack by the cut-rate branded version put out by Boots Pharmaceuticals Inc , a British firm.

Other majors are in the same fix. Merck has lost control of Indocin, whose patent expired in 1981, and is beginning to feel the heat on Aldomet, a cardiovascular drug that falls into the public domain in September. American Home Products is about to lose its patent protection on both Inderal, another bestselling cardiovascular item, and Ativan, an antianxiety drug. AHP's sales on both in the U.S. amounted to at least $400 million last year. The list goes on.

Jim Pozarik/Picture Group

Zenith Labs' Leonard
"Fustest with the mostest" wins every time.

The generics companies must always be ready to move fast once a drug is up for grabs. The trick is to spot promising products two or three years before they come off patent, push through whatever new testing is required by the FDA and put enough inventory together quickly to cream the market before the competition picks up the beat.

Take Pittsburgh-based Mylan Laboratories, which is riding high on the leverage of what used to be Merck's Indocin. "We've shipped an awful lot of product," says Roy McKnight, Mylan chairman. "We got FDA approval the day after Easter, and in the first week we moved $1.5 million worth. We've sold a total of $6 million worth so far, and there will be a lot more before we're through."

Getting a lot of new

Anonymity pays

By moving fast, these four small firms make big money in marked-down drugs, as returns on equity and net margins show.

	1983 sales (thou)	Net/ sales	Recent price	Per-share earnings	P/E	1983 ROE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	32,101	7.0	14	0.73	19	16.9
Bolar	24,992	19.6	26⅜	1.15	23	30.6
Par	11,519	14.0	9¾	0.52	18	47.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.3

*Sales and income figures as of end of fiscal year 1984.

The four largest old-line drug companies still show healthy returns, but they are outstripped by the generics.

	1983 sales (thou)	Net/ sales	Recent price	Per-share earnings	P/E	1983 ROE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	3,917,005	10	43⅝	3.00	14½	24
[illegible]	3,250,000	14	30¼	2.73	11	22
Merck	3,246,139	13	80⅛	6.10	13	20
[illegible]	[illegible]	11.5	[illegible]	[illegible]	[illegible]	23.8

product out the door fast is so important because the big profits are reaped in the early stages of introduction, before the price-cutting starts and turns what had once been a proprietary item into a commodity. In fact, Mylan reasonably can hope to reap the first dramatic benefits of indomethacin for only a matter of months.

Zenith Laboratories (it's also licensed on indomethacin) and its roller-coaster ride with metronidazole, an anti-infective, shows how ferocious the price-cutting can get, and what it can do to profit margins. Within a year after Zenith got the go-ahead on the drug, the generic price had been slashed by 57%. In those first palmy days of 1982 metronidazole generated $6.4 million, or 22% of Zenith's sales. A year later the drug accounted for only 14.5% of sales, or $4.6 million, and Zenith's earnings dropped from $3.6 million to $2.5 million. The early part of this year was no better. "The life cycle of these situations," says President James O. Leonard in a quiet bit of understatement, "is likely to be short."

Aggravating that problem is another: All the publicly owned generics have a relatively narrow product line. The only way to compensate for the price-cutting endemic to the industry is to: (a) sell more units of the same drug, (b) add new products, (c) get out of the line of fire into less competitive market niches or (d) all of the above.

Bolar, says Mylan's McKnight, has probably been the most successful of the four in playing the market-niche strategy. "We tend to get into the big name brands that are widely prescribed, like antibiotics—14 days and, boom, the patient is off the stuff," he says. But Bolar "looks more to drugs that you take for the rest of your life." That may explain why Bolar's profit margins are highest among the four.

Bolar's caution has cost it something in terms of growth, but Zenith and Par Pharmaceutical evidently feel there is something to be learned from its example. Both have been telling shareholders about the need for a more balanced mix of big new products and less volatile specialties.

Congress could be of some help. Long at swords' points over patent rights, the generic and trade-name producers—with Representative Henry Waxman (D–Calif.) as referee—seem to have worked out a piece of compromise legislation with something for everyone. The bill, in effect, would give the trade-name drug producers longer effective patent protection (up to 14 years) by crediting them with the time it takes to maneuver a new drug through the FDA. At the same time, the generic producers would be given quicker access once the patent comes off.

There are some recalcitrants among the brand-name producers, and what Congress may or may not do in an election year is hard to predict. But legislation or no, the dynamics of the business will keep Roy McKnight, Jim Leonard and company thwacking away at one another as lustily as ever. ■

An oasis for the business at hand.

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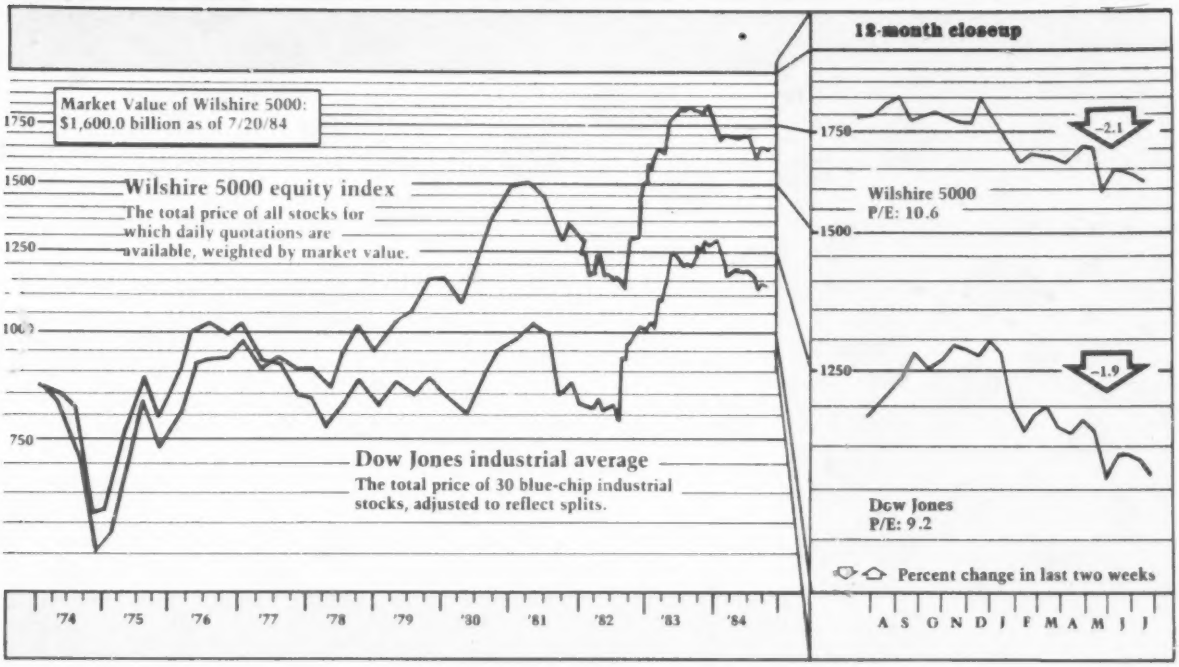
The Forbes/Wilshire 5000 Review



The calm before the storm? The most recent two weeks were decidedly gloomy on Wall Street. Instead of preparing for a rally, most investors seem to be stowing their cash to protect against a summer squall. Both the Wilshire 5000 and the Dow industrials accelerated their downward spirals, and the Wilshire lost $20 billion in market value.

Over the four-week period, the news was even worse: Every major index was down, and the declines were big. The poorest performers were the Amex, off by 5.4%, and the NASDAQ, off 4.9%. In this atmosphere, not surprisingly, the Dow and the Forbes 500 held the best course: They were off 2.6% and 2.9%, respectively—the only indexes to beat the overall market.

The investor yardsticks tell a similar story of caution. In balmier times, share buyers load up on high-risk issues with high price/earnings multiples and low share prices. But that is not the case these days. Over the most recent four-week period there was a clear preference for safe harbors. Buyers, for example, snapped up low-volatility stocks with low multiples and low five-year growth rates. These are just the kinds of portfolio additions that travel well in foul weather.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–3.5	–2.9	–2.6	–3.2	–5.4	–4.9
in last 52 weeks	–15.1	–10.9	–10.5	–11.8	–22.8	–28.5

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–4.4	–4.7	–7.5	–0.9	–6.0	–1.7	–1.2	–5.1	–7.2	–0.5	–2.3	–6.7
in last 52 weeks	–14.5	–21.7	–28.7	–1.8	–31.7	–13.1	–2.8	–21.1	–26.4	–1.0	–10.0	–26.3

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

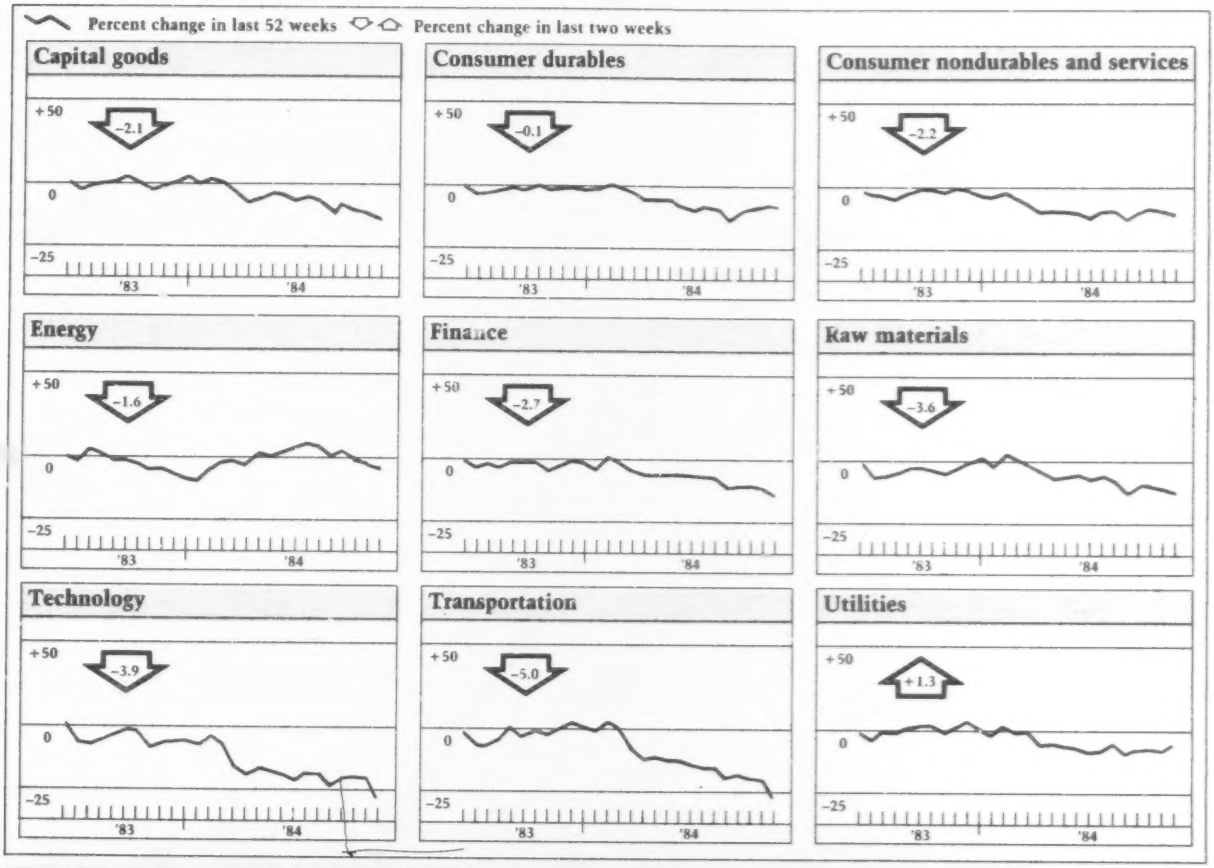
Note: All data for periods ending 7/20/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Shelley Dell

Where The Action Is

Safe harbors in high yields. Of the nine industry groups, only utilities managed to post a gain over the past two weeks. They were up 1.3%. Investors like the security of today's high yields and are betting on a further rise in share prices if interest rates fall.

Transportation stocks, meanwhile, were down 5%, which makes them the poorest performers over the last two-week period. Over the same stretch, technology stocks and raw materials were off sharply, too, with declines of 3.9% and 3.6%, respectively. This gives technology stocks the largest 52-week decline, 25.8%, while transportation stocks follow closely behind with a 25.3% slide.



What The Analysts Think

Visions of dark clouds. During the last two weeks, securities analysts cut their estimates for eight of the nine Wilshire sectors. Only technology companies showed a gain—a slim 0.71% increase. By contrast, raw materials producers led the downward revisions. Analysts reduced projected earnings figures for these firms by over 6%.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.88	10.9
1984 estimates	3.99	8.1
1985 estimates	4.77	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Technology	$2.07	0.71%	0.12%
2	Utilities	3.52	-0.03	0.35
3	Consumer non-durables	2.66	-0.69	-1.69
4	Consumer durables	3.30	-0.79	-0.74
5	Energy	2.73	-2.09	-2.45
6	Finance	3.60	-3.13	-3.31
7	Transportation	2.68	-3.15	-2.21
8	Capital goods	2.42	-4.11	-5.67
9	Raw materials	3.32	-6.24	-6.89

Earnings projections are equal weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 7/20/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Shelley Dell

Information about corporate pension plans isn't easy to find. But these days the search can be very rewarding.

Hidden assets

By Leslie Pittel

IF YOU ARE A TYPICAL INVESTOR, you pay a lot of attention to earnings. You may even look at debt-to-equity ratios and book value. But if you think at all about pension plans, you worry. Years ago there were horror stories about giant unfunded liabilities. Ever since, companies have tussled with accountants in an effort to keep this bad news off the balance sheet.

Cheer up. Today, thanks to the combination of the stock market recovery and high interest rates, pension funds are more likely to be untapped assets than looming liabilities. "Everybody looks at earnings, but pension fund assets grew so much in 1983 that they almost matched retained earnings for the year," says Norman Weinger of Oppenheimer & Co., who recently studied the pension plans of 400 big corporations. His conclusion was that net overfunding was nearly $42 billion at the end of 1983, roughly twice the 1982 level.

How can a pension plan represent a hidden asset? It's simple. Corporations make annual contributions to retirement funds based on actuarial assumptions about future payments. But suppose investment income is higher than anticipated, or payouts are lower. Then a healthy surplus can build up.

This overfunding allows considerable flexibility with future contributions, which can improve cash flow. If a firm with overfunding loses money in one year, it has the option of withholding pension contributions. It is

Pension plans with excess cash

These 20 companies are ranked in terms of excess pension money relative to market capitalization. That hidden asset, which can boost earnings, could attract the interest of investors.

Company	Over-funding (mil)	Over-funding/ market cap	Over-funding/ com equity	Interest coverage	Cash flow/ debt	Recent price	Latest 12-month EPS	P/E	Yield
US Steel	$1,524.0	53.7%	33.4%	NA	0.3	22⅝	$–9.41	NM	4.4%
Martin Marietta	444.2	39.2	60.8	3.3	0.9	34½	4.47	7.7	3.9
Interlake	105.8	37.1	32.3	4.1	0.3	47⅜	5.02	9.4	5.5
JP Stevens	108.5	30.5	19.3	1.8	0.2	20	1.51	13.2	6.0
McDonnell Douglas	635.2	30.4	30.7	44.5	4.6	56⅛	7.09	7.9	2.9
Mohasco	31.8	27.4	15.6	3.7	0.5	16¼	2.31	7.3	1.9
Grumman	184.9	27.2	40.8	14.9	4.8	27⅛	3.87	7.0	3.3
Firestone Tire & Rubber	222.0	27.2	17.2	3.6	0.6	16½	1.83	9.0	4.8
United Technologies	903.3	24.4	27.8	5.1	0.9	33¼	4.12	8.1	4.2
El du Pont de Nemours	2,552.0	22.5	22.7	6.9	0.9	44⅞	5.40	8.3	6.2
AMF	89.7	22.1	20.7	0.8	0.5	15¼	–0.10	NM	3.2
Inland Steel	124.4	21.6	11.0	NA	0.2	22¾	–1.54	NM	2.2
Hercules	328.2	20.7	25.5	6.8	0.9	28	3.45	8.1	5.1
Cummins Engine	128.2	20.2	25.6	0.9	0.4	66⅜	5.21	12.7	3.0
Polaroid	166.2	20.2	18.0	4.8	0.4	27	1.75	15.4	3.7
Union Carbide	719.0	18.9	14.6	1.3	0.6	50⅝	3.93	12.9	6.7
Brown & Sharpe Manufacturing	9.2	18.9	14.3	0.8	0.0	14½	–0.70	NM	1.4
Crane	67.0	18.7	26.5	6.9	NA	35½	–1.73	NM	4.5
Joy Manufacturing	82.8	18.3	16.4	5.0	1.1	21⅞	2.18	10.0	6.4
Safeway Stores	227.1	17.6	16.3	3.2	0.4	25⅜	3.17	8.0	5.9

NA: Not applicable/not available. NM: Not meaningful.

Sources: Oppenheimer & Co.; Disclosure II Data on diskette via Micro/Scan from ISYS Corp.; FORBES

Statistical Spotlight

even possible to dip into excess fund money for some badly needed cash.

From a shareholder's perspective, there is an even more appealing alternative. Why not shut down an overfunded plan and put the excess money into the corporate treasury? It is possible to continue employee benefits, often by simultaneously launching a replacement plan. But the cash benefits are immediate: Since January 1980 some 294 big companies, including Occidental Petroleum and Great Atlantic & Pacific Tea, have received government approval to terminate pension plans, recapturing $2.8 billion in excess cash (FORBES, *May 7*).

Checking the health of a company's plan isn't easy. Pension numbers don't show up on balance sheets, although accountants are preparing a rule that may require that. Meanwhile, the information is buried in footnotes.

Sadly, one important item—the interest rate assumption on which funding is based—sometimes isn't available. From an investor's point of view, the lower this figure, the better. A company that based its pension contributions over the past decade on, say, a 5% interest rate is likely to have a plan bulging with excess cash.

Smart guys know all this. Weinger and his partner Michael Metz, for example, made some surprising discoveries: Firms with a high level of overfunding relative to market capitalization or stockholders' equity attract a surprising number of takeover bids, 13D filings and corporate stock buybacks. "If you're paying $575 million for a company and the overfunding in the pension plan is $350 million, you're really paying very little for the firm," argues Metz.

What about underfunding? Today it is much less prevalent than most people assume. Of the 400 firms Oppenheimer studied for which information was available, only 68 corporations had underfunded plans.

The accompanying tables, which present the top 20 firms ranked by the ratio of overfunding and underfunding to market value, are based on the Oppenheimer study. The funding levels were calculated by subtracting the present value of future benefits from today's plan assets. We also show interest coverage, which is the ratio of pretax income to interest expense. We have included a cash-flow-to-debt ratio, too, which indicates how well the firm is handling its other long-term obligations.

Illustrations by Patrick McDonnell

The overfunding table contains some surprises, such as U.S. Steel. Although its 54% overfunding-to-market-capitalization ratio is impressive, an earnings deficit along with weak interest coverage and cash-flow-to-debt ratios generate much less enthusiasm. But look at Martin Marietta. Overfunding is 39% of market capitalization and 61% of shareholders' equity. With interest coverage of 3.3 and a cash-flow-to-debt ratio of 0.9, the company seems strong.

As expected, our undervalued table contains mostly cyclicals. When times were tough, these companies got behind on their pension contributions. Some, such as Chrysler, are making money again. And catching up on pension payments will take a chunk out of future earnings. ■

Pension plans that need a boost

These 20 companies are ranked in terms of pension underfunding relative to market value. Eventually, they will need to catch up—with cash that will have to come out of earnings.

Company	Underfunding (mil)	Underfunding/ market cap	Underfunding/ com equity	Interest coverage	Cash flow/ debt	Recent price	Latest 12-month EPS	P/E	Yield
International Harvester	$827.0	313.5%	NM	NA	NA	6¾	$–7.24	NM	—
Wheeling-Pittsburgh Steel	210.1	242.6	73.6%	NA	NA	20½	–11.08	NM	—
Allis-Chalmers	252.5	154.9	109.4	NA	NA	10⅜	–7.42	NM	—
Uniroyal	476.0	130.0	77.9	2.7	0.5	11¾	1.93	6.1	1.0%
American Motors	370.1	102.9	275.6	NA	NA	4⅜	–0.90	NM	—
Bethlehem Steel	625.0	63.2	57.4	NA	0.1	17½	–5.23	NM	3.4
Chrysler	1,405.4	46.4	123.0	9.6	1.1	26	8.47	3.1	3.1
Armco	414.9	38.0	33.6	NA	NA	13⅞	–7.32	NM	2.9
Champion Spark Plug	103.0	29.8	28.7	7.4	4.2	8½	1.00	8.5	4.7
Kaiser Aluminum & Chemical	174.4	26.8	14.3	NA	0.3	15	–0.75	NM	4.0
White Consolidated Industries	102.6	24.2	17.3	4.1	0.5	26	3.26	8.0	5.8
Genesco	17.8	17.6	71.5	1.0	0.0	7⅝	0.88	8.7	—
General Motors	3,271.4	16.2	16.0	4.7	3.4	67⅛	14.87	4.5	7.4
American Standard	96.0	13.1	16.0	4.3	0.4	25⅛	2.40	10.5	6.4
Acme-Cleveland	10.6	12.9	12.5	NA	NA	15¼	–5.53	NM	2.6
BF Goodrich	75.7	11.1	6.8	1.3	0.2	27	2.75	9.8	5.8
Ingersoll-Rand	85.0	10.5	8.3	NA	NA	36½	0.55	NM	7.1
Libbey-Owens-Ford	49.9	9.7	11.0	5.4	0.5	46	4.54	10.1	2.6
Ford Motor	630.3	9.0	8.4	4.8	1.9	37¼	14.02	2.7	4.3
Crown Cork & Seal	40.5	8.6	7.5	11.2	9.5	38¾	4.33	8.9	—

NA: Not applicable/not available. NM: Not meaningful.

Sources: Oppenheimer & Co.; Disclosure II Data on diskette via Micro/Scan from ISYS Corp.; FORBES

The West Coast's big winners haven't been the glamour issues. For the most part, they have been unknown and un-tech.

WHY GLAMOUR DOESN'T PAY

By Kenneth L. Fisher

When most folks think about buying West Coast stocks they think of Silicon Valley. I have news for them. Most of California's recent big winners bear such non-high-tech names as Marathon Office Supply, Chesapeake Industries and R.V. Weatherford.

The table lists the ten top-performing California stocks of 1983 (with sales over $10 million). Only three are high tech, and even they aren't exactly household names. With price increases ranging from 213% to 1,100%, these stellar performers defied most conventional means of identification.

What did these star performers have in common? Not low price/earnings ratios. As a matter of fact, most of them had no earnings at all. The list doesn't show it, but only one paid a dividend. Likewise, you couldn't identify this group based on a percentage of book value—it just wouldn't work. In short, you couldn't have picked them on any of the more popular measures of value.

What they did have in common is what I call low price/sales ratios (PSR). That is, they were stocks where the total market capitalization was a small proportion of annual revenues. (To figure the PSR simply multiply the stock price by the number of shares outstanding and then express the resulting sum as a percentage of revenues. Thus a company whose market capitalization was $100 million and revenues were $200 million would have a PSR of 0.5.) It's just like a P/E ratio but uses total sales instead of earnings. Note in the table that of last year's big California winners all but one started the year with a PSR of 1.0 or less—usually much less.

Rank	Company	Price 1/1/83	1983 gain	Sales* (millions)	1/1/83 PSR	1/1/83 P/E ratio
1	**Marathon Office**	$0.50	1,100%	$21.5	0.04	d
2	**Chesapeake Industries**	0.38	833	15.4	0.06	d
3	**RV Weatherford**	1.29	636	43.6	0.05	d
4	**Marshall Industries**	5.94	435	118.0	0.18	d
5	**First Lincoln Financial**	4.12	367	94.8	0.10	d
6	**Wherehouse Entertainment**	3.63	348	83.4	0.17	16
7	**Anthem Electronics**	8.59	255	38.7	0.79	23
8	**International Rectifier**	5.19	247	119.2	0.25	d
9	**SYM-TEK Systems**	5.00	215	12.4	0.48	9
10	**Servamatic Systems**	1.06	213	18.5	1.48	d

PSR: Price/sales ratio. *Fiscal 1982. d: deficit. *Source:* California Business.

The uncanny degree to which successful intermediate- to long-term performers come from the ranks of low PSR stocks bothers some investors because it seems to have nothing to do with earnings, which everyone has been trained to accept as the driving force behind a stock's price.

As David Dreman has repeatedly pointed out, the fact that a company is poorly regarded now doesn't mean it will be later. That's why unpopular stocks frequently outperform popular stocks, and that's why low PSRs work so well: They are an almost perfect measure of unpopularity, whereas low P/E multiples aren't always so (an unpopular stock with temporarily low earnings usually sells at a high price/earnings ratio). Simply put, unpopular stocks of good companies perform well.

Whether in California or in Michigan, whether among big companies or small, whether among high tech, low tech or no tech, big winners tend to come from among the ranks of low-price/sales-ratio stocks. My research, contradicting what most people would expect, shows that this has been true for generations—all the way back to the 1920s and 1930s.

What is a high PSR and what is not? Looking at California's 1983 winners, six out of the ten sold at prices valuing whole companies for less than 20% of their annual revenues. Only two sold for more than 75% of sales.

By the same token, the top five performing stocks of the Dow in 1983 all had PSRs below 0.20. In 1983 the low PSR quartile of the DJI increased 56.1%, vs. 28.7% for the low-P/E quartile, and 20.3% for the DJI as a whole.

Of course, low PSRs alone won't guarantee success. You still need to sort quality from garbage.

Listed below are a few low-PSR stocks that I feel belong in the quality category: *Brockway Inc.* (16), *Robbins & Myers* (11, o-t-c) and *Tesoro Petroleum* (15). They are unpopular and in largely mundane and out-of-favor industries. Yet each is quite strong relative to competition. They all sell for less than 20% of annual revenues. In time Wall Street is apt to view them as "not so terrible," offering patient investors a lot better chance than the popular high-tech stocks in my backyard. ■

Kenneth L. Fisher, a guest columnist, is a money manager based in Burlingame, Calif. He is author of Super Stocks, *to be published by Dow Jones-Irwin in September.*

AUGUST 27, 1984 THREE DOLLARS

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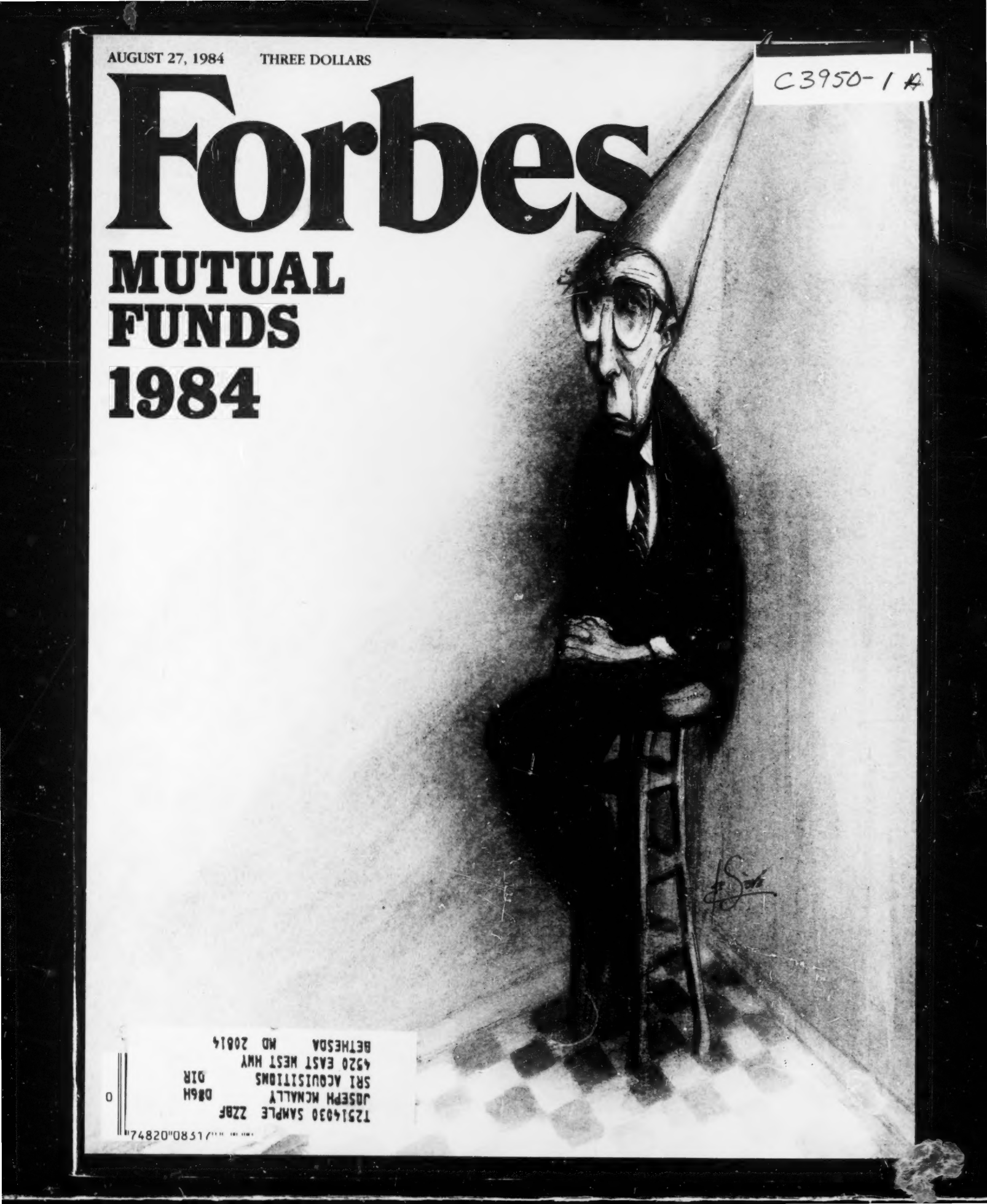
Forbes

MUTUAL FUNDS 1984



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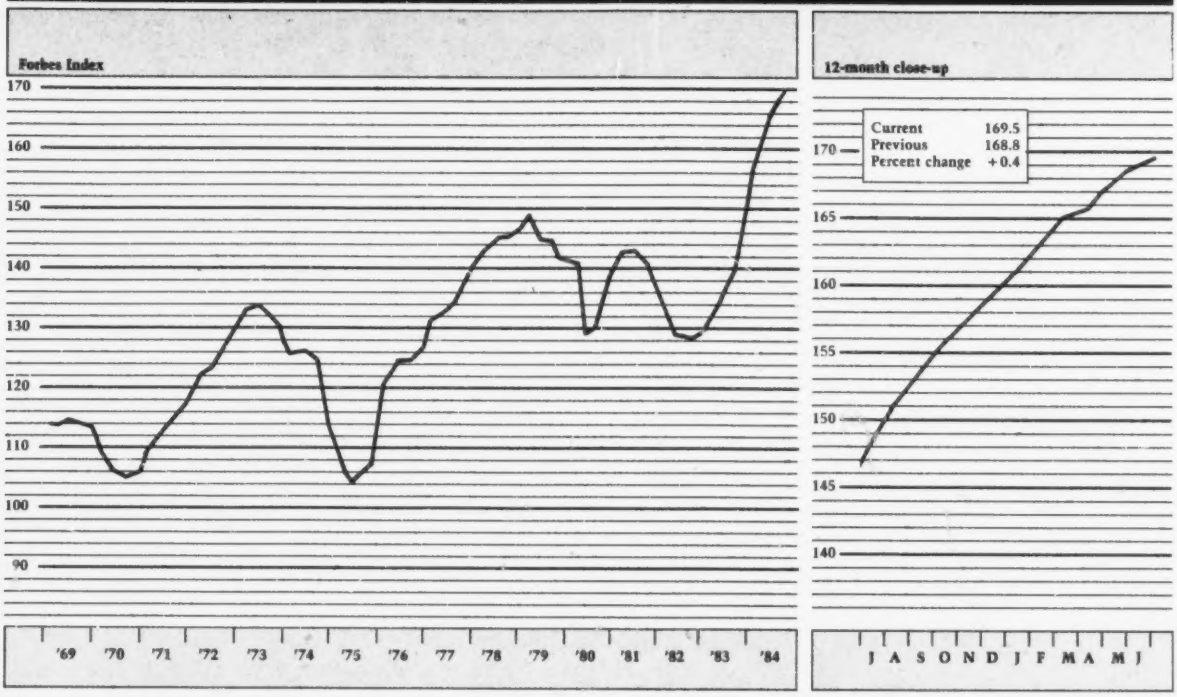
Cover illustration: Peter de Sève

The Forbes Index



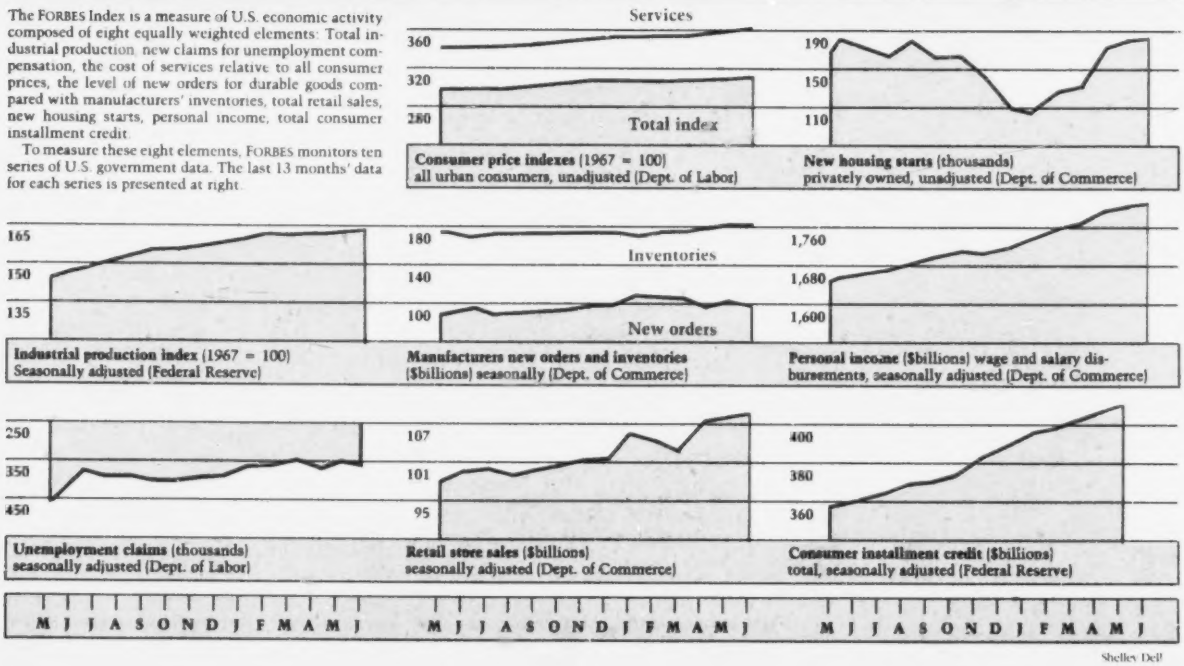
Close to the top? The Forbes Index, which has been on the rise since November 1982, gained only 0.4% in the latest reporting period. Recent increases have generally been smaller than they were earlier in the recovery. That pleases investors, who want the economy to continue to grow—but at a modest pace.

During the most recent period, two components pulled the Index down: Manufacturers' new orders fell 2.4% and inventories rose 0.9%. The overall Consumer Price Index, meanwhile, shows a modest 0.3% jump over the previous month. But with major labor contracts up for renegotiation, the CPI may soon start increasing at a faster clip. The services component of the CPI already shows an increase of nearly 0.6%—almost 6.7% on an annual basis.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Shelley Dell

The superstars of the 1982-83 bull market landed at the foot of the class a year later. Why? The fastest-rising stocks are inevitably the fastest-falling ones. If the latest rally produces a new crop of apparent winners, mutual fund buyers might do well to look back on that old lesson.

The fools rushed in . . . again

By Laura R. Walbert

THE SENSATIONAL first week of August gave mutual funds a much-needed boost. But not enough to erase the past year's dismal showing.

One of the big gainers was Fidelity Select Technology Portfolio, with a 14% rise in three days. Now look back a bit. This fund's investors had a wonderful ride between June 1982 and June 1983: Over this period every $1,000 they invested grew to $2,612, a return of 8.4% per month.

Unfortunately, there weren't many such investors. So few people invested in the fund during its first year (which began in July 1981) that running the $2 million portfolio was not even a full-time job for manager Michael Kassen.

But the fund's record attracted the public. New investors flocked to Fidelity Select Technology, and that $2 million in original money was soon overwhelmed by fresh cash after the bull market got under way in the summer of 1982. Kassen had his picture on the cover of *Money* magazine in April 1983 with an article billing him as "Select-Tech's wunderkind." Nearly $260 million came in between Mar. 31 and June 30, 1983.

Did Select Technology live up to the new investors' hopes? It did not. A $10,000 investment in Select Technology on June 30, 1983 was worth $7,170 late last month, compared with $9,400 if you had bought an S&P's 500 index fund.

It almost always happens that way. A tiny fund scorches the track, brings in big money and sends late investors into the tank. Investing exclusively in technology stocks—many of them small ones—Select Technology was a highflier during the earlier market boom. But investing in a fund after it has had a hot year is much like expecting to make money this year by buying the stocks that went up the most last year. It sounds foolish, but people do it all the time with mutual funds. Egged on by naive business writers, the public seems to have an insatiable appetite for yesterday's investment heroes.

From inception through June 1984, Select Technology can claim an attractive compound annual return of 27%. But this in no way represents what an average investor in the fund earned. In dollars, Select Technology's losses in the year beginning July 1, 1983 far exceeded all its gains in its preceding two years of existence. At-

Why the dunce cap? Didn't mutual funds surge with the market, which was up 8% the first three days of August? Yes, but it's easy to look good in a good market, difficult to maintain capital in a bad one—and that's where too many mutual funds have failed. For exceptions, see page 70.

Illustrations by Peter de Sève

tracted by the music and sounds of revelry, most investors got to the party just as the musicians were sheathing their instruments and the bartenders were stowing the last bottles.

Select Technology was by no means the biggest loser. We cite it because so many investors bought in at precisely the wrong time. Other funds, such as Hartwell Leverage, 44 Wall Street and Delta Trend, fared worse.

Nor were hot stock funds like these the only sufferers. They were only the hardest hit ones. No sector of equity funds was safe. International funds were up 2.5% for the 12 months ended June 30, but gave it all back in July. Whether a customer was in an aggressive fund (down 18.7% on average for the 12 months, according to Lipper Analytical Services) or a conservative fund offering income and growth (down 5.6%), he probably lost money. Among 286 equity funds rated by FORBES, only 37 were in the black for the 12-month period. The average equity fund was off 10.8%, compared with a return of −4.8%, dividends included, for the Standard & Poor's 500 average. In short, the typical equity fund did two times worse than the S&P's average. Only 1 in 3 beat the index in those 12 months.

During the last eight years the fraction of equity funds outperforming the S&P's 500 has fallen from a stellar 88% in the bear market beginning in October 1976 to less than 50% in the 1982-83 bull market and to an embarrassing 30% during the latest downswing. Is that what could be called earning one's keep as an investment manager?

Because they had outperformed the market for so long, the funds have prospered in recent years. It was not always so: In the early Seventies the funds, lagging the market, were in the doghouse, suffering net redemptions year after year.

Now most of them are lagging again. Why? Superstar Peter Lynch, with a superb seven-year record as portfolio manager of Fidelity Magellan Fund, Inc. and a crummy one-year record (off 12.8%), has an interesting alibi: The S&P's 500 has gotten harder to beat. He says its stocks are so undervalued that they have no downside risk, only upside potential. Says Lynch: "Merck is a big factor in the averages, and Merck is at the same price it was ten years ago. Earnings have doubled. Xerox has gone from $110 to $36. It can't go down another 80 points. Avon Products has gone

1984 Annual Mutual Fund Survey

The honor roll

Don't confuse the FORBES honor roll with your typical hot-fund-of-the-year "survey" available in other publications.

The bear market has reminded investors that buying a fund because it was the hot one last year or last month is a suicidal strategy. Here is the uncomfortable arithmetic of percentages: Add a plus 50% to a minus 50% and you get a lot less than zero. Example: Put $1,000 in a fund, watch it grow 50% to $1,500, then watch it shrink by 50% to $750. The net result is a 25% loss.

The example is exaggerated, since it took a thoroughly unlucky fund to lose 50% over the past year. But it makes the point that consistency of performance is just as important as getting high marks in good years.

The change in measuring periods—the addition of the recent bear market at the end, and the dropping of a bear market in the early 1970s—pushed some of last year's honor roll members off the list. "Maybe we should have moved into some lower-P/E stocks," says a sheepish James Stowers, manager of honor roll has-been Twentieth Century Select. That fund still rates an A+ for up markets but saw its down-market grade slip from B to C, which disqualified it from the honor roll.

One-third of the honorees are newcomers, but the list includes two vintage members: Templeton Growth and Mutual Shares. Each of these, in its own way, stands apart from the crowd. John Templeton runs his family of funds from the Bahamas, scouring the globe for cheap securities and ignoring the clamor of Wall Street analysts. Max Heine operates out of New York City but bypasses the popular growth and glamour stocks in search of securities of bankrupt companies and other special situations. His Mutual Shares is one of only 37 FORBES-graded stock funds to make money over the past year.

Note that both Heine and Templeton have been in charge for as long as their funds have made the list. That explains a remarkable consistency of performance on the part of their funds. Which is valuable to an investor betting that a first-class record will be repeated.

At the head of the class

These 25 funds excel in both up and down markets and have a compound annual return since Sept. 30, 1974 at least 3 points above that of the S&P's 500.

Name (years on honor roll)	Type	Market ratings UP	Market ratings DOWN	Annual return	Assets (mil)	Lead manager (years)
Acorn	no load	B	B	24.0%	$171.5	Ralph Wanger (14)
Amcap (6)	load	B	B	24.7	924.1	Fund has 3 managers
American Capital Comstock (4)	load	A	B	27.8	538.9	George Adler (1)
American Capital Convert Sec*	closed end	A+	A	23.3	67.4	Fund has 3 managers
American Capital Pace (3)	load	A	B	29.7	1,125.2	John Doney (5)
American Capital Venture (2)	load	A	B	30.8	371.2	Steve Hayward (1)
Baker, Fentress & Co	closed end	A	B	26.9	301.3	George H. Smith (14)‡
Central Securities	closed end	A+	B	27.7	89.7	Wilmot Kidd (11)
Claremont Capital	closed end	A	A	35.2	41.3	Erik Bergstrom (8)
Fidelity Destiny (2)	load	A	B	26.9	533.2	George Vanderheiden (4)
Fidelity Equity-Income	load	B	B	24.3	841.6	Bruce Johnstone (13)
Fidelity Magellan (3)	load	A+	B	34.7	1,613.7	Peter Lynch (7)
General American Investors (5)	closed end	B	B	22.3	223.2	Malcolm Smith (23)
Growth Fund of America (2)	load	B	A	22.2	434.6	Fund has 3 managers
Janus (3)	no load	B	B	19.7	281.7	Thomas Bailey (15)
The Japan Fund (7)	closed end	B	B	23.2	264.7	Timothy Schilt (1)†
Mutual Shares (9)	no load	B	A	25.4	370.3	Max Heine (9)‡
Nicholas (3)	no load	B	B	25.7	157.1	Albert Nicholas (15)
Over-The-Counter Securities (3)	load	B	B	23.5	77.8	Binkley Shorts (3)
Pennsylvania Mutual	no load	A	A	30.9	145.6	Charles Royce (11)
Phoenix Convertible Fund Series*	load	B	B	19.4	58.6	John Martin (3)
Pioneer II (3)	load	B	B	25.1	1,231.4	David Tripple (10)
Source Capital	closed end	B	A+	38.2	239.9	George Michaelis (6)
Templeton Growth (11)	load	B	B	20.9	842.9	John Templeton (30)
Windsor (6)	no load	B	A	22.8	1,887.3	John Neff (20)

*Balanced fund. †Founder of fund still acts as chairman. ‡Fund has two managers.

from $130 to $20." Maybe he's right. But then, if the bargains are in the S&P's, the best course is to buy an index fund and stay away from the hotshots and their bigger overheads.

Windsor Fund, Inc.'s John Neff offers a more plausible explanation for the funds' laggard performance: groupthink. He says: "Despite computers, modern portfolio theory and master's degrees ad infinitum, The Street still has an almost unlimited propensity to overdo something seemingly good." Neff points to the ridiculous levels that small technology stocks reached last year. You shouldn't need a complicated computer program or an M.B.A. from Stanford to realize that markets always go to extremes, but money managers seem frequently to forget that simple truth.

In this connection, William Ruane, chairman of New York City-based Sequoia Fund, Inc., tells of meeting an analyst from one of the multibillion-dollar fund houses who was not allowed to consider a stock for purchase unless its price was then climbing. Ruane, whose fund was one of the few that made money over the past year, says many mutual funds sacrifice long-term performance lunging after short-term gains. Small investors do this all the time, but highly paid fund managers are supposed to know better. Alas, they seldom do.

What should a bewildered investor do? He should avoid following the crowd, surging into the latest hot item. Instead he should search out funds that have proved themselves in bear markets as well as bull ones and forget about quickie profits. That's what FORBES' rating system is all about—consistency of performance. Consistent performers rarely top the three-month or six-month performance charts, but they limit losses in bear markets and do well, if not always spectacularly well, in bull markets. Does this sound unexciting? Maybe so, but it is one of the ways that fortunes are made and kept. The names appearing on the FORBES honor roll *(see p. 70)* are such funds. To use a racetrack metaphor, they may not always pull ahead in the stretch, but they can handle mud and have lots of stamina. Their managers truly earn their money.

In the pages following, FORBES talks with some of the honor roll fund managers about the past year, the early-August rally and how they are positioning themselves for the future.

Fund marketer rankings

Quality isn't the only path to increased mutual fund sales. Another strategy is to market a lot of different brands. But there is a drawback here: Offering a wide variety of funds usually means that a fund sponsor offers no consistent philosophy but a grab bag of market approaches; jacks of all trades, masters of none. This roster of distributors offering at least five funds shows how difficult it is to deliver both variety and consistency.

The composite grades are based on all of a marketer's funds rated by FORBES. (Money market and bond funds are not included.) The grade-point averages are disappointing, but most of these distributors allow fund-switching, and some have one or two excellent funds to choose from. The trouble here is that an investor must make selection and timing decisions as to which fund of a particular group to buy at any given time.

Marketer	Number of funds	Composite rating UP	DOWN
American Capital Marketing (713-526-8561)	7	A–	C–
American Funds Group (800-421-0180)	9	C	B–
Delfi Capital Sales (800-441-9490)	5	B–	D+
Eaton Vance Management (800-225-6265)	7	B–	C–
Fidelity Investments (800-225-6190)	7	B–	C–
Franklin Distributors (800-632-2350)	7	C+	C–
IDS Mutual Fund Group (800-437-4332)	6	C+	D+
Keystone Massachusetts Distributors (800-225-1587)	7	B–	F+
Massachusetts Financial Services (617-423-3500)	5	B–	D–
National Securities & Research Corp (800-223-7757)	6	B+	D
Oppenheimer Investor Services (800-525-7048)	6	B+	D
Putnam/Eberstadt Financial Services (800-225-2465)	11	C+	D+
Scudder Funds (800-225-2470)	5	C	D+
Vanguard Group of Investment Cos (800-523-7025)	9	B–	C–
Waddell & Reed (816-283-4000)	6	C+	D+

Pennsylvania Mutual: Dodging traffic

Paul Fetters

Charles Royce of Pennsylvania Mutual
Windshield wipers and shoe lasts.

A surprise on this year's honor roll is Pennsylvania Mutual Fund, Inc., with $146 million of assets concentrated in small-company stocks. Didn't they tumble furthest this past year? The NASDAQ over-the-counter stock index was off its bull market peak by 27% in June 1984. Yet Penn Mutual, one of only three funds to win a FORBES A rating or better in both markets, finished the 12 months off just 2.9%. Only one small-company fund beat it: Penn Mutual's fledgling sister fund, Royce Value.

Well, there are NASDAQ stocks, and there are NASDAQ stocks. You won't find MCI or Apple Computer or the other loss leaders of high technology in Penn Mutual's collection. Instead, there are companies that make windshield wipers, shoe lasts, warp knits, auto carpets and handbags.

Portfolio manager Charles Royce attributes his success to a disciplined focus on value. "Value-oriented," to be sure, is getting to be a bromide on Wall Street. But Royce, a 44-year-old former analyst who took over Penn Mutual in 1973, practices this art better than most. He looks for firms with hidden assets, high breakup values or accumulations of cash, especially if the cash is being used to buy in shares. And when looking, he says, he takes care to stay out of traffic. "By traffic I mean the high-growth or high-tech stocks where there is large institutional ownership. Hopefully, we won't get run over in the dark."

New York City-based Penn Mutual has stocks like Farmer Brothers, a coffee, spice and restaurant supply firm, and Kimball International, a producer of pianos, organs and office furniture. "These stocks tend to be out of the mainstream, underowned, not high-growth," says Royce. To put it mildly. Several of his companies aren't even public—they don't have enough shareholders to be required to file public financial data. With less attention on them, Penn Mutual can buy cheaply.

Royce is not a trader; portfolio turnover was 35% in 1983. Kimball, for instance, ranked as one of Royce's ten largest holdings in the latest bull and bear markets. From 1982 to mid-1983 the stock doubled. Then it remained flat—a feat in itself.

Such conservative tactics might be expected to cost shareholders performance on the upside. That's not what happened during the 1982-83 market, when shareholders' money grew an impressive 98% in 12 months. In the latest market flurry—when Royce was on vacation—his stocks, as he puts it, "were on vacation, too." Don't worry. It takes a while for the market to reach private companies.

Janus Fund: Timing

A money manager who knows how to sell at the top deserves to be richly rewarded, and Thomas Bailey, who runs the $282 million Janus Fund, Inc., has got himself an ample reward. Bailey, 47, cofounded the fund in 1969. He and his partner recently sold a two-thirds interest in Janus' advisory firm to Kansas City Southern Industries for $11 million. Bailey, who sold only half his holdings, kept the other third.

The timing is enviable. An advisory firm gets a percentage of assets under management, and so the firm's value is directly related to the fund's size. Thanks to a healthy inflow from new shareholders, Janus' assets grew fivefold in the 1982-83 bull market. Now the fund has flattened out, with 5% growth in assets since last fall.

It is no surprise that crowds weren't lined up to buy in. Although the Denver-based, aggressive growth fund is appearing for its third time on the FORBES honor roll, its down-market grade has been reduced from an A to a B. The fund is off 10.7% for the 12 months ended in June, 6 points worse than the S&P's 500.

What went wrong? For one thing, Bailey had big positions in Ford and Chrysler. Janus was also heavily into small technology issues like Adage, a computer graphics firm, and Xebec, a maker of disk-drive controllers. Beginning in June 1983 Bailey sold those, and others, but not fast enough.

Bailey kept 60% in cash from February through mid-July because he didn't trust the market. It was acting up, unmercifully punishing stocks for dips in earnings. Now he's pushing back into the market, but still plans to keep 25% of assets in cash.

"Chances are, if I stayed 100% invested all the time, I'd have all the wrong groups coming out of this any-

Rob Johns

Janus Fund's Thomas Bailey
Sell at the top.

way," Bailey says modestly. Now, he's putting his money on nondurable consumer goods, buying retailers, apparel makers and restaurant companies. If he times his reentry into the market as well as his sale of the fund management company, he will be earning his keep.

Acorn Fund: Stodgy buyout stocks

July 9 was a banner day for Ralph Wanger, portfolio manager of the Chicago-based Acorn Fund, Inc. On that day three companies represented among Acorn's $171 million in small-company stocks received takeover bids. "It was my personal high," jokes Wanger, 50, who has managed the fund since its inception in 1970.

First, a leveraged-buyout offer for glassmaker Guardian Industries sent the stock to 24, from 15. Then New Hampshire Ball Bearings got a cash bid for $65 a share, double the market price, from Japanese ball-bearing maker Minebea. Finally, Dallas financier Harold Simmons bid for shares in Baker, Fentress, a closed-end investment company with a stake in timber-rich Medford Corp. His initial offer was $40 a share, a $6 premium.

The acorns are supposed to grow into mighty oaks, but Wanger doesn't mind if they are gobbled up at good prices. Wanger has been particularly lucky with his broadcasting stocks this year, participating in the Wometco, Cowles Broadcasting and Outlet Co. buyouts, the last two after analysts hinted the managements might sell. Wanger, though, says he doesn't seek out takeover targets, just "stodgy" bargains

Bobbe Wolf

Acorn Fund's Ralph Wanger
A takeover hat trick.

All told, 15 acquisition bids so far this year helped keep Acorn alive while growth stocks were shrinking. The fund was off 9.4% for the 12 months ended in June, but as Wanger says of the competing small-stock funds that streamed past him in the bull market cycle, "They were passing me on the downside."

Of course, Wanger had some disasters himself, such as a new offering of Eagle Clothes. He broke even selling Coleco at 16. "But it was 65 in between," he laughs.

Wanger, unlike a lot of investors today, is less interested in companies that make technological gadgets than he is in finding companies that can profit from using them. Colonial Life & Accident, for example. "They're an insurance company, but their business exists because a computer solved their paperwork problem." Wanger's cost on the stock is 13½, and it was recently trading at 22½.

Wanger says he gets away from it all by skiing, "the best practice for a portfolio manager. You get used to having things go down fast." A reminder that the downside is as important to a manager as the upside.

Growth Fund of America: "Dentist's chair"

James Rothenberg, lead portfolio manager of Los Angeles-based Growth Fund of America, Inc., describes what the money management business was like early this year: "Like having to spend six months in the dentist's chair.

"In the Sixties we tended to have long, gradual uptrending markets and very abrupt, sharp corrections. This time we had a very sharp, abrupt upleg and a very long, drawn-out, dragging-on downleg. The percentage decline isn't much different, but it sure feels like you spend a lot more time looking at down days."

Rothenberg, 38, shares the helm of Growth Fund with Marjorie Fisher and William Newton at Capital Research & Management Co. Each of the three controls a piece of the $435 million fund. That way, shareholders never do as well as the best manager but never as poorly as the worst. Yet it's a rare money manager who didn't have some teeth pulled lately. For the 12 months ended in June, Growth Fund was off 10.9%.

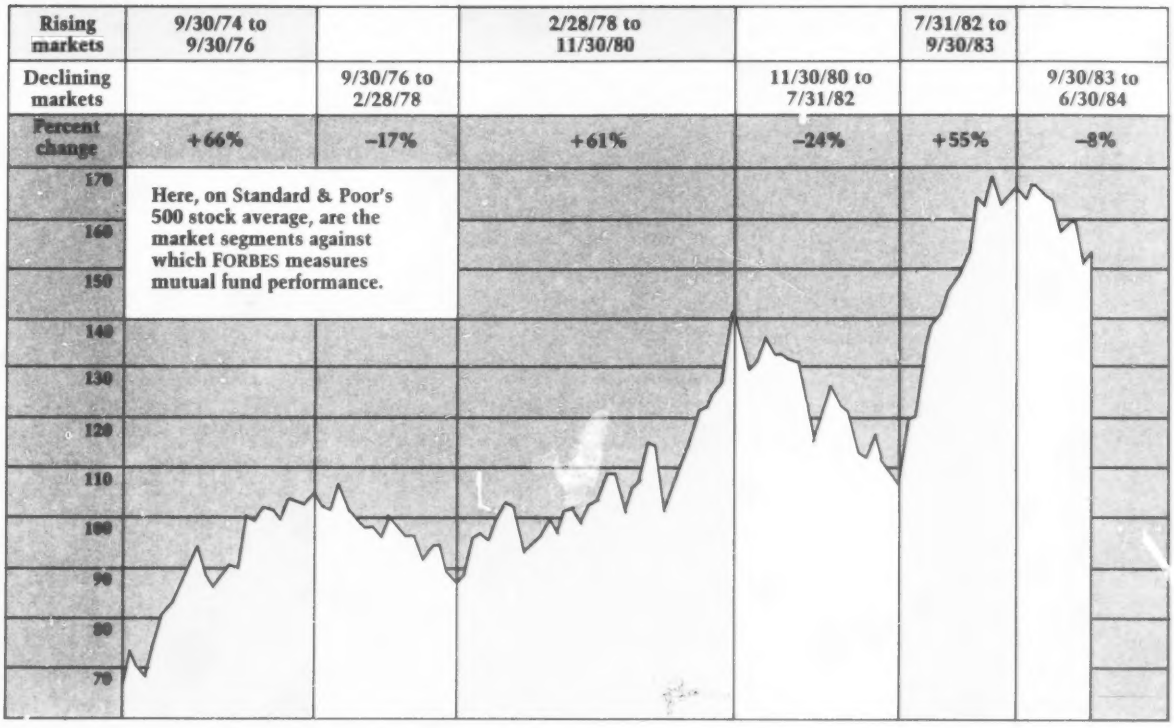
Growth Fund's managers didn't pay enough attention to the rising pool of venture capital, admits Rothenberg, who has been with the fund for five years. "That money made a lot of technology markets extremely competitive very quickly. In the early Seventies, if you got an idea financed, you'd have a fair run at the market before you'd see any kind of competition. Now it seems that you see competition almost immediately."

By the end of 1983 Growth Fund had moved 28% of its assets into bonds and cash. But the fund was fully invested again by June. "We were struck by the values in the $250 million to $750 million caps [market value of common stock], and even some of the larger market caps. National Semiconductor at $10 a share was an interesting value," he says. The stock recently traded at 14¼. The fund also holds Data General and Texas Instruments, up 21% and 15%, respectively, in the first three days of August. Rothenberg is using the rally to clean out past mistakes "because you sure can sell stuff right now."

Shareholders might like to know which of the three managers has had the most winners in his share of the portfolio, but the performance breakdown is kept secret. "That way, if somebody leaves, it is just a person leaving, not the star leaving," explains Rothenberg. And, of course, the fund can go on advertising its record as if nothing had happened. But if the past is any guide, the system of shared control isn't hurting investors at all.

Jim Mendenhall

Rothenberg, Newton and Fisher
Venture capital's backlash.



How FORBES grades the funds

This survey differs from the run-of-the-mill mutual fund survey in that it does not measure merely straight-line performance—how much a fund gained or lost over some arbitrary period. Instead, we rate funds separately on their performance in bear and bull markets. Why? Because we believe profoundly that an ability to preserve capital is at least as important in this uncertain world as an ability to enhance capital.

The data cover the major market moves since Sept. 30, 1974: three up-and-down cycles. To get two good grades, a fund must do well in both rising and falling markets.

Consistency, repeatability, long-term results—these are the essence of how to pick a money manager. Too many investors, unfortunately, don't look past the first line of a transcript. If the market was up sharply last year, they chase after the high-risk, fast-growth stock funds that landed at the top of the 12-month rankings. But those are the funds most likely to fall the fastest in a down market. If the market has been tumbling, they may run for the security of a conservative fund, at precisely the wrong time.

It is a rare portfolio manager who can deliver both the low risk and high returns that investors want. Only three stock funds earned A grades in both up and down markets, and the manager of one of those, Pennsylvania Mutual, is talking about closing it to new subscribers if it gets much bigger.

Choosing a mutual fund, then, means first choosing an acceptable level of risk. A retiree might want to confine his search to funds with an A for bear markets. A risk-tolerant swinger could accept poor performance in bear markets if the long-term total return is high and if he has the stamina to hang in during the bad spells.

The FORBES grading process begins with raw performance data compiled by Computer Directions Advisors, a Silver Spring, Md. money management consulting firm. These numbers are adjusted to eliminate the distorting effect of an exceptional performance (good or bad) during any one period. Then funds are ranked separately for the three bear markets and the three bull markets. Stock funds are ranked against stock funds, and mixed or balanced funds against other balanced funds.

For rising markets the 12.5% of funds with the best adjusted data are awarded an A+, the next 12.5% an A, the next 25% a B, the next quarter a C, the last quarter a D. Grading is tougher for declining markets, where the gamut is A to F. Both up-market and down-market grades can be lowered a notch (but not raised) on the basis of results in the most recent period.

As in previous mutual fund surveys, the average annual total return for the three market cycles assumes reinvestment of both income dividends and capital gain distributions. In this survey, for the first time, the income dividends are figured as well into the fund ratings and the latest 12 months' return.

The yield, or return from income dividends, is based on the June 30, 1984 net asset value and dividends over the previous 12 months. Both performance and yield for closed end funds are computed from the market price of the shares, not from net asset values.

Annual expenses are management fees and operating expenses expressed per $100 of average net assets.

A word of advice on getting copies of prospectuses: The toll-free 800 phone numbers printed in the tables generally don't work if you are calling from the same state. In that case the fund distributor will more than likely accept collect calls.

1984 Fund Ratings

Where to find the funds

Stock funds	76	Balanced funds	103
Bond funds	94	Foreign funds	104
Municipal bond funds	96	Exchange funds	106
Closed end funds	99	Money market funds	106

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	−4.8%	4.8%				
		FORBES stock fund composite	17.5%	−10.8%	3.0%				
		FORBES balanced fund composite	13.9%	−2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	−0.1%	12.6%				
		Stock funds (load)	Group averages: 17.2%	−11.5%	3.1%				
C	D	Affiliated Fund (212-425-8720)	17.0%	−1.4%	6.2%	$1,878.3	−7.2%	7.25%	$0.33
C	C	Alpha Fund (404-241-1662)	16.9	−13.0	2.2	20.5	−12.4	8.50	1.30
B	B	AMCAP Fund (800-421-0180)	24.7	−8.9	3.3	924.1	1.9	8.50	0.73
C	F	American Birthright Trust (800-327-4508)	10.4	−18.7	1.5	134.5	−24.1	8.50	1.22
A	B	American Capital Comstock Fund[1] (800-231-3638)	27.8	−2.3	3.7	538.9	37.3	8.50	0.62
A	F	American Capital Enterprise Fund (713-522-1111)	18.6	−16.0	3.3	492.3	−34.3	8.50	0.62
A	B	American Capital Pace Fund[2] (800-231-3638)	29.7	−4.1	2.2	1,125.2	4.9	8.50	0.63
A	B	American Capital Venture Fund[3] (800-231-3638)	30.8	−16.6	1.8	371.2	3.4	8.50	0.73
C	B	American Growth Fund (800-525-2406)	19.7	−5.2	4.6	58.5	10.8	8.50	1.35
D	C	American Leaders Fund (800-245-5051)	12.8	5.6	5.9	41.6	−12.1	6.50	1.37
C	B	American Mutual Fund (800-421-0180)	19.3	−2.1	4.9	873.9	9.6	8.50	0.49
B	C	American National Growth Fund (800-231-4639)	20.3	−27.1	2.1	85.3	−17.4	8.50	0.78
•C	B	American National Income Fund (800-231-4639)	—*	−1.5	6.3	42.0	12.9	8.50	0.81
B	F	Axe-Houghton Stock Fund (914-631-8135)	12.2	−31.5	4.2	96.9	−52.3	8.50	0.84
B	F	BLC Growth Fund (515-247-5711)	16.2	−12.3	2.2	16.4	−13.7	8.50	1.09
D	B	BLC Income Fund (515-247-5711)	17.3	1.6	5.8	22.2	2.3	8.50	1.02
C	D	Bullock Fund (800-221-5757)	14.9	−11.3	4.1	125.2	−22.0	8.50	0.86
B	C	The Cardinal Fund (800-848-7734)	19.7	−1.8	3.2	19.0	7.3	8.50	0.98
A	F	Centennial Growth Fund (800-525-7048)	13.4	−41.1	0.1	17.2	−42.7	8.50	1.63
D	F	Chemical Fund (800-221-5233)	11.4	−17.0	2.7	914.0	−28.3	8.50	0.55
B	F	CIGNA Growth Fund (800-225-5151)	15.3	−11.3	3.6	174.3	−12.5	7.50	0.66
C	F	Colonial Growth Shares (617-426-3750)	13.7	−11.6	3.7	61.2	−15.8	8.50	0.96
•C	•C	Colonial Option Income Trust (617-426-3750)	—*	−0.3	3.4	1,417.0	81.9	†	0.90
D	B	Commonwlth Fund Indent Plans A&B (800-343-2902)	13.7	−4.9	7.1	8.9	−14.4	7.50	0.29
D	C	Commonwlth Fund Indent Plan C (800-343-2902)	12.7	−5.9	6.2	33.0	−13.6	7.50	0.75
D	D	Corp Leaders Tr Fund Certificates Ser B (800-526-4791)	14.4	1.8	6.1	49.6	−7.3	†	0.11
D	F	Country Capital Growth Fund (800-322-3838)	12.4	−14.5	6.2	52.0	−15.0	7.50	1.07
C	B	Decatur Income Fund (800-523-4640)	18.1	2.3	5.5	573.2	17.7	8.50	0.67
C	C	Delaware Fund (800-523-4640)	18.1	−18.7	5.4	262.1	−26.0	8.50	0.73
B	C	Delta Trend Fund (215-988-1200)	20.2	−36.5	0.7	71.6	24.7	8.50	1.20
D	D	Dividend Shares (800-221-5757)	13.8	−3.1	4.0	252.5	−13.4	8.50	0.91
D	C	The Drexel Burnham Fund (212-483-1436)	15.2	−4.6	5.3	69.9	−9.3	3.50	1.11
C	C	The Dreyfus Fund (800-645-6561)	17.2	−3.2	6.6	1,686.7	−17.3	8.50	0.74
C	C	The Dreyfus Leverage Fund (212-895-1206)	17.9	−1.4	7.1	340.1	−12.6	8.50	0.91
C	F	Eagle Growth Shares (800-221-5588)	13.9	−18.5	4.0	5.0	−20.7	8.50	1.65
D	D	Eaton & Howard Stock Fund (617-482-8260)	12.2	−0.7	5.4	61.9	−14.5	7.25	0.85
C	C	Eaton Vance Growth Fund (617-482-8260)	16.1	−9.1	2.2	57.5	−31.0	8.50	0.86
B	C	Eaton Vance Special Equities (617-482-8260)	18.8	−13.6	0.3	41.8	−23.2	7.25	0.99
A+	F	Fairfield Fund (800-223-7757)	17.5	−32.9	0.5	45.2	−33.2	8.50	1.18
A	B	Fidelity Destiny Fund (800-225-6190)	26.9	−7.9	2.9	533.2	2.4	‡	0.80

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Available only through contractual plans. [1]Formerly American General Comstock Fund [2]Formerly American General Pace Fund. [3]Formerly American General Venture Fund.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months total return	Latest 12 months return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	−4.8%	4.8%				
		FORBES stock fund composite	17.5%	−10.8%	3.0%				
		FORBES balanced fund composite	13.9%	−2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	−0.1%	12.6%				
		Stock funds (load)	Group averages 17.2%	−11.5%	3.1%				
B	B	Fidelity Equity-Income Fund (800-225-6190)	24.3%	−2.3%	8.0%	$ 841.6	29.9%	2.00%	$0.80
A+	B	Fidelity Magellan Fund (800-225-6190)	34.7	−12.8	1.2	1,613.7	17.9	3.00	1.04
B	C	First Investors Discovery Fund (212-825-7900)	20.4	−31.0	0.6	40.5	47.3	8.50	1.21
B	F	First Investors Fund for Growth (212-825-7900)	15.6	−26.6	1.9	75.8	−30.1	8.50	0.95
D	F	First Investors Natural Resources Fund (212-825-7900)	8.1	−18.9	0.6	12.5	−11.4	8.50	1.24
D	B	First Investors Option Fund (212-825-7900)	11.3	−1.0	2.2	127.9	7.4	7.25	0.94
D	F	FPA Capital Fund[4] (800-237-0738)	10.2	−13.3	4.1	35.7	−19.2	8.00	0.92
C	A	FPA Paramount Fund[5] (800-421-4374)	21.0	2.3	4.2	108.2	51.3	8.50	1.09
A	D	Franklin Custodian Dynatech Ser (800-632-2350)	19.1	−17.7	1.2	39.4	−3.0	7.25	0.91
D	D	Franklin Custodian Growth Ser (800-632-2350)	12.3	−12.3	1.9	18.1	12.4	7.25	1.01
D	A	Franklin Custodian Utilities Ser (800-632-2350)	15.0	4.2	9.8	26.4	20.6	7.25	0.92
A+	C	Franklin Gold Fund[6] (800-632-2350)	17.6	−4.8	4.6	139.4	25.1	7.25	0.96
C	C	Franklin Option Fund (800-632-2350)	17.7	−3.8	0.2	6.4	−3.0	7.25	1.20
B	C	Fund of America (800-231-3638)	19.2	0.9	4.4	137.3	6.8	8.50	0.78
A	D	Fund of the Southwest (800-231-0808)	21.2	−24.4	0.6	7.2	−10.0	7.50	1.05
D	C	Fundamental Investors (800-421-0180)	14.6	−5.8	3.8	349.5	−17.0	8.50	0.64
•B	•F	The Greenway Fund (713-626-1919)	—*	−19.4	0.1	3.6	−28.0	6.50	1.83
B	A	Growth Fund of America (800-421-9900)	22.2	−10.9	3.3	434.6	6.6	8.50	0.68
C	C	The Guardian Park Avenue Fund (212-598-8259)	19.2	−3.7	3.0	51.4	2.2	8.50	0.71
C	F	Hamilton Funds (800-525-7048)	12.0	−19.4	4.2	190.3	−27.4	8.50	0.98
A	F	John Hancock Growth Fund (617-421-2909)	14.1	−12.6	1.7	52.2	4.8	8.00	1.06
A+	D	IDS Growth Fund (800-328-8300)	23.3	−30.1	0.1	608.8	−10.8	5.00	0.75
D	D	IDS Stock Fund[7] (800-328-8300)	13.8	−8.2	4.1	1,291.1	−18.1	5.00	0.60
C	D	IDS Variable Payment Fund[8] (800-328-8300)	13.9	−18.2	3.5	322.3	−26.4	5.00	0.59
A	D	IDS New Dimensions Fund (800-328-8300)	20.1	−18.0	1.4	337.0	−12.4	5.00	0.82
C	C	IDS Progressive Fund (800-328-8300)	18.1	−3.9	3.5	155.5	−0.3	5.00	1.00
D	A	Income Fund of America (800-421-9900)	15.4	2.1	8.5	267.9	−5.2	8.50	0.66
C	C	The Investment Co of America (800-421-9900)	17.4	−4.4	4.2	2,189.4	−7.2	8.50	0.44
C	F	Investment Trust of Boston (617-542-0213)	12.5	−17.3	2.8	51.8	−25.3	7.25	0.92
A	D	Investors Research Fund (800-328-8300)	17.8	−22.4	none	36.3	−10.6	8.50	0.86
D	A	ISI Growth Fund (415-832-1400)	11.3	−0.8	7.4	13.3	−9.5	8.50	1.32
D	A	ISI Income Fund (415-832-1400)	9.1	1.0	10.1	6.9	−16.9	8.50	1.52
D	A	ISI Trust Fund (415-832-1400)	8.5	7.5	8.8	103.0	−3.7	8.50	1.06
D	C	JP Growth Fund (919-378-2448)	16.2	−7.2	4.7	17.3	−6.5	8.00	0.84
A+	F	Kemper Growth Fund (800-621-1048)	20.7	−12.4	2.2	215.1	−15.7	8.50	0.69
•C	•B	Kemper Option Income Fund (800-621-1048)	—*	1.4	4.0	192.6	101.7	8.50	0.82
A+	C	Kemper Summit Fund (800-621-1048)	24.6	−17.0	1.6	150.0	7.9	8.50	0.47
•A	•D	Lord Abbett Develop Growth (212-425-8720)	—*	−28.4	0.7	300.4	−11.6	8.50	0.73
D	C	MagnaCap Fund (800-526-0475)	16.5	4.5	5.3	7.3	−22.3	7.25	1.50
A+	D	Mass Capital Development Fund (800-343-2829)	23.7	−18.5	2.2	577.8	2.3	7.25	0.67
B	D	Mass Finl Development Fund (800-343-2829)	17.7	−20.0	2.9	181.9	−19.3	7.25	0.82
C	F	Mass Investors Growth Stock (800-343-2829)	14.2	−15.8	2.9	796.4	−25.8	7.25	0.56
C	F	Massachusetts Investors Trust (800-343-2829)	13.5	−7.7	4.5	985.3	−17.8	7.25	0.53
•B	•C	Merrill Lynch Basic Value Fund (800-631-0749)	—*	−0.5	4.7	269.3	14.6	6.50	0.89

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. [4]Formerly Transamerica Capital Fund. [5]Formerly Paramount Mutual Fund. [6]Formerly Research Capital Fund. [7]Formerly Investors Stock Fund. [8]Formerly Investors Variable Payment Fund.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	-4.8%	4.8%				
		FORBES stock fund composite	17.5%	-10.8%	3.0%				
		FORBES balanced fund composite	13.9%	-2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	-0.1%	12.6%				
		Stock funds (load)	Group averages: 17.2%	-11.5%	3.1%				
D	C	Merrill Lynch Capital Fund (800-631-0749)	13.2%	-2.6%	3.8%	$ 260.8	6.1%	6.50%	$0.75
D	C	MidAmerica High Growth Fund (319-398-8511)	14.7	-13.7	2.5	12.2	-19.7	8.50	1.00
D	B	MidAmerica Mutual Fund (319-398-8511)	14.5	-9.0	4.7	27.6	-18.1	8.50	0.88
D	D	Mutual Benefit Fund (401-751-8600)	11.9	-7.7	4.9	9.3	-12.3	8.50	1.50
D	F	Mutual of Omaha Growth Fund (402-397-8555)	9.8	-16.0	5.3	18.7	-12.2	8.00	1.25
C	F	National Aviation & Technology (212-482-8100)	10.2	-22.6	2.9	75.4	-30.0	8.50	1.17
C	F	National Growth Fund (800-223-7757)	11.1	-30.0	1.5	68.9	-37.7	7.25	0.90
C	C	National Stock Fund (800-223-7757)	15.9	-6.2	6.5	202.4	-16.7	7.25	0.89
D	C	Nationwide Fund (800-848-0920)	12.3	-2.8	5.7	218.6	-8.6	7.50	0.66
C	C	Nationwide Growth Fund (800-848-0920)	17.7	-1.0	1.6	56.7	19.9	7.50	0.72
D	B	NEL Equity Fund (617-267-6600)	15.8	-5.1	4.5	15.9	1.9	8.00	1.03
B	D	NEL Growth Fund (617-267-6600)	21.9	-22.3	0.6	164.6	-4.8	8.00	0.76
D	C	NEL Retirement Equity Fund (617-267-6600)	15.7	-8.8	2.9	61.8	-13.2	8.00	0.75
C	C	New Perspective Fund (800-421-9900)	18.2	-2.5	3.5	578.9	2.0	8.50	0.77
B	D	New York Venture Fund (505-983-4335)	19.5	-6.6	2.5	85.3	-10.2	8.50	1.05
D	C	Old Dominion Investors' Trust (804-539-2396)	16.1	-3.4	8.4	3.9	-9.3	0.99	1.40
A+	F	Oppenheimer AIM Fund (800-525-7048)	18.6	-20.6	0.7	227.2	-30.2	8.50	1.00
B	C	Oppenheimer Equity Income Fund (800-525-7048)	21.1	-9.8	6.6	66.4	3.8	8.50	1.04
B	F	Oppenheimer Fund (800-525-7048)	12.4	-24.4	2.0	234.9	-33.1	8.50	1.29
•C	•A	Oppenheimer Premium Income Fund[9] (800-525-7048)	—*	6.0	1.5	98.2	49.9	8.50	1.02
A	F	Oppenheimer Special Fund (800-525-7048)	20.2	-11.2	2.7	644.1	13.1	8.50	1.05
A+	D	Oppenheimer Time Fund (800-525-7048)	24.2	-22.7	1.1	159.8	-16.3	8.50	1.04
B	B	Over-The-Counter Securities Fund (800-523-2578)	23.5	-10.1	1.2	77.8	7.3	8.00	1.30
C	D	Philadelphia Fund (800-221-5588)	18.7	-10.2	4.1	101.0	-16.9	8.50	0.89
C	C	Pilgrim Fund (800-526-0475)	16.5	-4.4	4.9	35.7	-23.7	7.25	1.36
B	D	Pilot Fund (713-751-2400)	16.0	-22.0	1.2	62.4	-26.8	8.50	0.98
B	D	Pioneer Fund (800-225-6292)	17.6	-8.9	4.3	1,195.1	-11.1	8.50	0.65
B	B	Pioneer II (800-225-6292)	25.1	-9.3	3.9	1,231.4	21.8	8.50	0.68
C	C	The Putnam Growth Fund (800-225-1581)	17.3	-3.9	4.8	722.5	-11.5	8.50	0.62
C	F	Putnam Investors Fund (800-225-1581)	14.9	-16.3	2.2	926.9	-13.6	8.50	0.50
•C	•C	Putnam Option Income Trust (800-225-1581)	—*	-9.1	3.7	476.3	198.8	8.50	0.96
B	C	Putnam Vista Fund (800-225-1581)	19.8	-21.3	4.8	137.9	-13.3	8.50	0.99
A	D	Putnam Voyager Fund (800-225-1581)	21.0	-23.6	0.6	196.9	-12.0	8.50	1.06
C	D	Research Equity Fund (800-632-2350)	14.1	-4.9	2.1	55.5	-18.5	7.25	1.02
B	D	St Paul Capital Fund (612-738-4000)	17.7	-16.8	3.8	61.6	-19.0	6.00	0.88
A	D	St Paul Growth Fund (612-738-4000)	22.6	-21.6	2.0	75.6	-6.0	6.00	0.87
A	F	Security Equity Fund (800-255-3557)	17.9	-22.3	3.9	217.5	-27.0	8.50	0.70
C	C	Security Investment Fund (800-255-3557)	16.9	-16.8	6.6	102.9	-25.1	8.50	0.74
A	F	Security Ultra Fund (800-255-3557)	25.4	-19.1	1.9	73.4	-29.4	8.50	1.20
A+	D	Seligman Capital Fund (800-221-2450)	22.5	-29.3	none	125.2	-12.0	8.50	0.86
C	D	Seligman Common Stock Fund (800-221-2450)	16.6	-8.7	5.5	358.1	-17.9	7.25	0.52
B	F	Seligman Growth Fund (800-221-2450)	14.3	-20.8	2.4	560.5	-31.5	7.25	0.51
D	B	Sentinel Common Stock Fund (802-229-3154)	16.2	2.6	5.4	311.2	-5.7	8.50	0.71
B	F	Sentinel Growth Fund (802-229-3154)	14.3	-21.7	2.1	36.1	-21.0	8.50	0.85

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. [9]Formerly Oppenheimer Option Income Fund.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
		FORBES stock fund composite	17.5%	–10.8%	3.0%				
		FORBES balanced fund composite	13.9%	–2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
		Stock funds (load)	Group averages 17.2%	–11.5%	3.1%				
C	D	Sentry Fund (715-346-7051)	14.3%	–20.8%	2.4%	$ 27.6	–19.5%	8.00%	$0.72
B	C	The Shearson Appreciation Fund (212-577-5794)	18.3	–6.4	1.5	112.3	12.6	5.00	1.10
B	C	Sigma Capital Shares (800-441-9490)	22.1	–7.7	1.6	36.0	–3.2	8.50	1.17
C	C	Sigma Investment Shares (800-441-9490)	16.0	–1.1	4.5	51.8	–6.7	8.50	1.09
B	D	Sigma Special Fund (800-441-9490)	17.7	–12.1	2.2	14.8	–10.3	8.50	1.34
A+	D	Sigma Venture Shares (800-441-9490)	26.1	–23.5	1.0	46.9	–19.8	8.50	1.04
D	A	Smith, Barney Income & Growth (212-613-2631)	18.9	–2.1	8.0	8.5	51.8	5.75	1.50
D	B	Sovereign Investors (215-251-0705)	16.3	3.3	5.8	13.6	11.5	5.00	1.00
D	F	State Bond Common Stock Fund (507-354-2144)	10.8	–19.5	2.5	27.3	–25.8	8.50	1.11
D	D	State Bond Diversified Fund (507-354-2144)	13.4	–2.2	5.7	9.7	1.0	8.50	0.93
C	F	State Bond Progress Fund (507-354-2144)	13.6	–27.9	1.6	6.7	–18.3	8.50	1.18
B	D	State Street Investment Corp (617-482-3920)	16.2	–10.5	3.5	434.9	–20.7	†	4.97
B	F	Surveyor Fund (800-221-5233)	15.6	–22.8	0.8	85.8	–32.1	8.50	1.18
A	F	Technology Fund (800-621-1048)	18.0	–14.5	2.3	558.9	–21.8	8.50	0.57
F	B	Templeton Growth Fund (800-237-0738)	20.9	–0.7	2.1	842.9	1.3	8.50	0.78
•B	•C	Templeton World Fund (800-237-0738)	—•	1.3	3.1	1,485.0	21.1	8.50	0.78
C	D	United Accumulative Fund (816-283-4000)	16.8	–6.7	5.2	456.9	–12.7	8.50	0.57
D	C	United Income Fund (816-283-4000)	14.2	–3.8	5.5	480.5	–13.3	8.50	0.61
D	C	United International Growth Fund (816-283-4000)	16.7	–1.3	3.5	96.2	21.2	8.50	1.11
B	F	United Science & Energy Fund (816-283-4000)	15.0	–8.3	3.8	162.0	–18.4	8.50	0.68
A	C	United Vanguard Fund (816-283-4000)	23.3	–16.0	3.9	325.4	22.0	8.50	0.86
B	C	Vance, Sanders Special Fund (617-482-8260)	22.2	–13.1	1.2	109.8	–20.8	8.50	0.88
D	F	The Wall Street Fund (212-319-9400)	11.4	–19.2	0.7	5.6	–25.3	8.50	2.50
C	B	Washington Mutual Investors Fund (800-421-9900)	18.2	–1.8	5.5	526.2	–1.9	8.50	0.56
		Not rated**							
		ABT Emerging Growth Fund (800-327-4508)	—•	–20.6%	none	$ 5.7	235.3%	8.50%	$1.43
		ABT Security Income[10] (800-327-4508)	—•	–2.2	2.5%	21.5	465.8	8.50	1.43
		Aggressive Growth Shares (800-221-5757)	—•	–37.5	none	7.2	–38.5	8.50	1.26
		Alliance Technology Fund (800-221-5672)	—•	–31.0	0.1	142.3	–26.0	8.50	1.65
		American Capital OTC Securities (800-231-3638)	—•	—	—•	65.1	—	8.50	1.40
		Carnegie-Cappiello Growth Trust (800-321-2322)	—•	—	—•	16.5	—	6.00	NA
		Colonial Corporate Cash Trust (800-225-2365)	—•	5.9	9.6	324.9	17.7	2.50	0.80
		Colonial Option Growth Trust (800-225-2365)	—•	–9.5	2.9	6.2	10.7	8.50	1.50
		Colonial Tax-Managed Trust (617-426-3750)	—•	4.5	none	451.7	20.3	8.50	0.96
		Eaton Vance Tax-Managed Trust (617-482-8260)	—•	3.4	none	551.6	–0.2	8.50	0.87
		Eberstadt Energy-Resources Fund (800-221-5233)	—•	–1.6	2.1	42.2	–3.2	8.50	1.45
		Fidelity Mercury Fund (800-225-6190)	—•	–18.9	0.3	109.9	–7.1	3.00	1.24
		Fidelity Select-Energy Portfolio (800-225-6190)	—•	–0.6	1.3	65.2	–7.5	2.00	1.25
		Fidelity Select-Fin Svcs Portfolio (800-225-6190)	—•	–0.1	0.6	12.5	4.2	2.00	1.51
		Fidelity Select-Health Care Port (800-225-6190)	—•	–25.6	0.4	64.8	–54.1	2.00	1.21
		Fidelity Select-Precious Metals & Min (800-225-6190)	—•	–9.9	1.4	178.9	65.0	2.00	1.16
		Fidelity Select-Tech Portfolio (800-225-6190)	—•	–24.7	none	463.5	–30.9	2.00	1.04
		Fidelity Select-Util Portfolio (800-225-6190)	—•	10.2	1.6	17.3	68.0	2.00	1.51

•Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. [10]Formerly ABT Arbitrage Fund. NA: Not available.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
		FORBES stock fund composite	17.5%	–10.8%	3.0%				
		FORBES balanced fund composite	13.9%	–2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
		Stock funds (load)	Group averages: 17.2%	–11.5%	3.1%				
		Not rated**							
		Fidelity Special Situations Fund (800-225-6190)	—*	—	—*	$ 7.2	—	3.00%	$1.50
		First Investors Ninety Ten Fund (212-825-7900)	—*	4.3%	5.1%	50.5	NM	8.50	1.28
		The 44 Wall Street Equity Fund (800-221-7836)	—*	–43.1	none	12.4	–59.7%	8.50	1.73
		FPA Perennial Fund (800-421-4384)	—*	—	—*	5.7	—	8.50	NA
		IDS Discovery Fund (800-328-8300)	—*	–28.9	1.4	290.1	–14.6	5.00	1.00
		IRI Stock Fund (800-328-1010)	—*	–13.6	1.2	9.2	3.4	4.50	1.50
		Lord Abbett Value Appreciation (212-425-8720)	—*	–12.7	2.8	309.2	–17.1	8.50	0.78
		The Lowry Market Timing (800-231-4645)	—*	—	—*	56.6	—	8.50	NA
		Mass Finl Emerging Growth Tr (800-343-2829)	—*	–21.6	1.6	156.6	22.6	7.25	1.26
		Massachusetts Financial Special (800-343-2829)	—*	–17.5	1.7	79.4	744.7	7.25	1.26
		Merrill Lynch Special Value Fund (212-692-2939)	—*	–18.8	0.7	84.4	–18.6	6.50	1.16
		National Telecommns & Tech Fund (212-482-8100)	—*	–20.1	4.1	96.2	–31.4	8.50	1.16
		New Economy Fund (800-421-9900)	—*	—	—*	348.0	—	8.50	0.69
		Oppenheimer Challenger Fund (303-671-3464)	—*	—	—*	20.2	—	2.00	4.76
		Oppenheimer Directors Fund (212-668-5000)	—*	–34.0	none	244.3	–8.5	8.50	1.11
		Oppenheimer Regency Fund (800-525-7048)	—*	–23.2	none	97.9	159.7	8.50	1.17
		Oppenheimer Target Fund (800-525-7048)	—*	–25.9	0.7	150.3	–28.8	6.00	1.04
		Phoenix Growth Fund Series (800-243-1574)	—*	0.7	4.0	68.7	7.5	8.50	0.84
		Phoenix Stock Fund Series (800-243-1574)	—*	–4.2	3.7	46.8	2.2	8.50	1.02
		Pioneer Three (800-225-6292)	—*	0.2	1.9	202.3	116.4	8.50	0.84
		Prudential-Bache Equity Fund (800-528-6166)	—*	–2.8	1.1	42.4	218.8	6.75	1.49
		Pru-Bache New Decade Growth[11] (800-528-6166)	—*	–20.8	none	59.8	–15.1	6.75	1.31
		Prudential-Bache Option Growth Fund (800-528-6166)	—*	–13.9	2.4	59.5	–36.7	6.75	1.21
		Pru-Bache Tax-Managed Utility[12] (800-528-6166)	—*	7.0	none	122.2	–30.7	†	1.04
		Putnam Capital Fund (800-343-0929)	—*	–13.8	12.0	11.1	–47.1	†	1.18
		Putnam Health Sciences Trust (800-225-1581)	—*	–27.9	2.2	245.4	–38.4	8.50	0.91
		Putnam Information Sciences Trust (800-225-1581)	—*	—	—*	198.0	—	8.50	NA
		Rochester Tax Managed Fund (716-232-6930)	—*	–1.4	none	17.6	151.4	8.50	1.88
		Sci/Tech Holdings (212-692-2939)	—*	–7.7	1.6	472.3	–21.9	8.50	1.27
		Seligman Communications & Info Fd (800-221-2450)	—*	—	—*	45.5	—	8.50	NA
		Shearson Aggressive Growth Fund (212-623-8000)	—*	—	—*	121.1	—	5.00	NA
		Shearson Fundamental Value[13] (509-455-6088)	—*	–6.8	1.9	37.0	94.7	5.00	1.80
		Strategic Capital Gains (800-527-5027)	—*	–15.3	0.0	11.2	36.6	8.50	0.01
		Strategic Investments Fund (800-527-5027)	—*	–10.3	6.4	173.9	26.9	8.50	1.13
		Summit Investors Fund (800-231-0803)	—*	–22.7	none	6.7	644.4	‡	2.51
		Sunbelt Growth Fund (713-751-2400)	—*	–20.9	0.6	155.7	–19.4	8.50	1.24
		Tax-Managed Fund for Util Shares (800-327-4508)	—*	–11.6	none	107.8	–31.0	8.50	1.12
		Templeton Global I (800-237-0738)	—*	–4.0	2.8	221.1	–9.0	†	1.09
		Templeton Global II (800-237-0738)	—*	—	—*	144.4	—	8.50	NA
		United New Concepts Fund (816-283-4000)	—*	–7.1	3.2	29.0	346.2	8.50	1.35
		World of Technology (800-525-2974)	—*	–22.5	0.1	11.6	110.9	5.00	1.50

*Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. †Fund not currently selling new shares. ‡Available only through contractual plans. [11]Formerly Chancellor New Decade Growth Fund. [12]Formerly Chancellor Tax-Managed Utility Fund. [13]Formerly Foster & Marshall Growth Fund. NA: Not available. NM: Not meaningful.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-83	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/84 (millions)	Total assets % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.9%**	**–4.8%**	**4.8%**				
		FORBES stock fund composite	**17.5%**	**–10.8%**	**3.0%**				
		FORBES balanced fund composite	**13.9%**	**–2.1%**	**8.3%**				
		FORBES bond and preferred stock fund composite	**10.2%**	**–0.1%**	**12.6%**				
		Stock funds (no load)	Group averages 17.4%	–12.9%	3.0%				
B	B	**Acorn Fund (312-621-0630)**	24.0%	–9.4%	2.0%	$171.5	–4.5%	none	$0.85
A	D	**ADV Fund (212-908-9582)**	22.4	–15.9	1.9	31.5	4.7	none	1.32
C	C	**Afuture Fund (800-523-7594)**	19.3	–31.1	0.8	26.2	–45.3	none	1.50
B	F	**American Investors Fund (800-243-5353)**	12.1	–38.4	3.2	93.4	–42.1	none	1.14
B	D	**Armstrong Associates (214-744-5558)**	20.8	–23.6	4.1	9.7	–24.8	none	1.60
D	F	**Babson Growth Fund[14] (800-821-5591)**	10.9	–11.0	3.5	208.3	–16.5	none	0.61
D	C	**Beacon Hill Mutual Fund (617-482-0795)**	11.3	–6.1	none	2.3	–11.5	none	3.40
D	D	**Boston Co Capital Apprec Fund (800-343-6324)**	13.5	–5.4	2.6	213.5	–13.6	none	0.98
D	D	**Boston Mutual Fund (617-828-7000)**	12.4	–8.2	2.6	4.6	–9.8	none	1.44
B	D	**Bull & Bear Capital Growth Fund (800-431-6060)**	19.2	–17.9	0.8	50.6	–52.2	none	1.23
D	B	**Bull & Bear Equity-Income Fund (800-431-6060)**	14.1	–3.1	6.4	4.3	–15.7	none	2.03
D	B	**Century Shares Trust (617-523-6844)**	15.8	–1.8	5.4	65.5	–12.3	none	0.94
C	C	**Charter Fund (214-980-1800)**	21.4	–16.6	3.0	70.9	–7.3	none	1.10
B	D	**Columbia Growth Fund (800-547-1037)**	20.5	–18.0	1.0	128.0	–13.7	none	1.10
D	D	**Composite Fund (800-541-0830)**	13.8	–13.2	4.7	36.5	–9.4	none	1.02
A+	F	**The Constellation Growth Fund (212-557-8787)**	20.9	–34.9	none	90.0	–41.9	none	1.30
C	F	**de Vegh Mutual Fund (800-221-5672)**	12.7	–20.2	1.7	51.4	–27.7	none	1.11
C	D	**Dodge & Cox Stock Fund (415-981-1710)**	16.4	–2.1	4.5	[illegible].8	–3.0	none	0.70
A	D	**Dreyfus Growth Opportunity Fund (800-645-6561)**	19.5	–11.0	1.8	372.9	4.1	none	0.99
B	D	**The Dreyfus Third Century Fund (800-645-6561)**	20.4	–11.2	3.9	118.1	–21.6	none	1.03
D	B	**Energy & Utility Shares (215-542-8025)**	13.3	–0.2	10.4	8.6	–4.4	none	1.74
C	D	**Energy Fund (212-850-8300)**	17.8	–0.4	5.7	347.8	–5.3	none	0.83
A+	C	**The Evergreen Fund (914-698-5711)**	31.4	–11.7	1.9	215.6	3.4	none	1.11
A	C	**Explorer Fund (800-523-7025)**	21.5	–26.0	2.1	237.3	–12.1	none	0.88
D	D	**Farm Bureau Growth Fund (800-247-4170)**	12.7	–11.2	5.8	42.1	–12.8	none	0.94
B	D	**Fidelity Contrafund (800-225-6190)**	16.5	–17.6	4.9	72.1	–17.0	none	1.00
C	D	**Fidelity Fund (800-225-6190)**	16.5	–10.2	5.7	558.2	–19.9	none	0.71
D	A	**Fidelity Puritan Fund (800-225-6190)**	17.3	2.6	8.8	781.3	–4.5	none	0.63
C	F	**Fidelity Trend Fund (800-225-6190)**	14.5	–9.8	2.3	548.4	–19.2	none	0.66
C	C	**Financial Dynamics Fund (800-525-9831)**	18.5	–24.1	2.3	66.2	–34.7	none	0.66
B	C	**Financial Industrial Fund (800-525-9831)**	17.6	–17.1	3.7	303.1	–23.4	none	0.63
C	B	**Financial Industrial Income Fund (800-525-9831)**	18.5	–2.0	7.4	182.6	–18.0	none	0.64
A+	D	**The 44 Wall Street Fund (800-221-7836)**	22.0	–54.7	none	82.0	–67.0	none	1.61
B	F	**Founders Growth Fund (800-525-2440)**	15.2	–20.8	2.5	37.6	–28.5	none	1.24
D	A	**Founders Income Fund (800-525-2440)**	14.1	4.0	6.0	6.9	3.0	none	1.50
C	F	**Founders Mutual Fund (800-525-2440)**	12.4	–6.2	4.4	127.7	–11.9	none	0.42
A	D	**Founders Special Fund (800-525-2440)**	15.2	–28.6	8.0	74.1	–26.1	none	1.20
•C	•C	**Gateway Option Income Fund (513-621-7774)**	—*	–1.6	3.2	23.3	26.6	none	1.41
B	D	**General Securities (612-332-1212)**	17.4	–10.1	5.5	11.5	–14.2	none	1.50
B	D	**Growth Industry Shares (312-346-4830)**	18.4	–17.4	2.0	59.4	–15.4	none	0.87
B	C	**Guardian Mutual Fund (800-367-0770)**	19.8	–5.8	4.4	300.8	–2.1	none	0.67
A+	F	**Hartwell Growth Fund (800-645-6405)**	22.3	–24.3	none	11.0	–24.1	none	2.60
A+	F	**Hartwell Leverage Fund (800-645-6405)**	22.5	–44.9	none	38.6	–46.3	none	1.40
C	F	**Istel Fund (212-702-0174)**	12.5	–9.6	4.9	92.8	–23.7	none	1.02
B	D	**Ivest Fund (800-523-7025)**	17.0	–4.8	2.2	168.9	–14.2	none	1.07

•Fund rated for two periods only, maximum allowable rating A. *Fund not in operation for full period. [14]Formerly David L. Babson Investment Fund.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment rewards: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.9%**	**–4.8%**	**4.8%**				
		FORBES stock fund composite	**17.5%**	**–10.8%**	**3.0%**				
		FORBES balanced fund composite	**13.9%**	**–2.1%**	**8.3%**				
		FORBES bond and preferred stock fund composite	**10.2%**	**–0.1%**	**12.6%**				
		Stock funds (no load)	Group averages: 17.4%	–12.0%	3.8%				
C	C	**Ivy Growth Fund[15] (617-749-1416)**	17.1%	1.0%	6.4%	$ 58.0	–43.9%	none	$1.22
B	B	**Janus Fund (800-225-2618)**	19.7	–10.7	7.2	281.7	15.8	none	1.07
C	F	**Keystone Custodian Funds K-2 (800-225-2618)**	12.9	–16.5	3.4	163.2	1.8	none	0.90
D	F	**Keystone Custodian Funds S-1 (800-225-2618)**	10.4	–14.8	3.5	67.3	–9.1	none	0.89
A	F	**Keystone Custodian Funds S-3 (800-225-2618)**	17.6	–15.3	2.5	141.3	–9.3	none	0.80
A	F	**Keystone Custodian Funds S-4 (617-225-2618)**	19.4	–33.3	0.4	477.4	–33.7	none	0.75
•A	•B	**Lehman Capital Fund (800-221-5350)**	—*	–7.6	2.0	105.3	–7.2	none	1.13
C	D	**Lehman Investors Fund[16] (800-221-5350)**	16.3	–3.1	3.7	335.0	–14.9	none	0.61
B	D	**Lexington Growth Fund (800-526-4791)**	17.5	–31.1	4.1	18.8	–61.6	none	1.21
C	D	**Lexington Research Fund (800-526-4791)**	15.5	–13.8	5.6	92.7	–29.7	none	0.95
•C	A+	**Lindner Fund (314-727-5305)**	—*	5.4	4.7	339.8	25.5	†	0.78
B	D	**Loomis-Sayles Capital Development (800-223-7124)**	21.7	–22.2	0.7	120.7	–25.7	none	0.76
C	C	**Mairs & Power Growth Fund (612-222-8478)**	16.4	–14.5	2.4	16.8	–17.7	none	0.99
C	D	**Manhattan Fund (212-850-8300)**	14.7	–4.7	3.1	69.1	–13.5	none	1.30
C	F	**Horace Mann Growth Fund[17] (217-789-2500)**	13.6	–13.4	1.4	63.3	–19.1	†	0.81
B	C	**Mathers Fund (312-236-8215)**	21.7	–13.3	6.0	179.3	–20.1	none	0.60
B	D	**W L Morgan Growth Fund (800-523-7025)**	18.4	–13.4	2.9	370.7	–10.9	none	0.85
B	A	**Mutual Shares (212-908-4047)**	25.4	15.0	5.1	370.3	72.0	none	0.83
B	D	**Naess & Thomas Special Fund (212-269-6500)**	16.9	–33.1	5.1	35.9	–22.5	none	1.41
C	F	**National Industries Fund (213-277-1450)**	13.6	–9.4	3.5	27.7	–13.4	none	1.67
B	F	**Neuwirth Fund (800-221-5672)**	13.6	–31.6	none	18.0	–37.5	none	1.58
B	D	**Newton Growth Fund (800-247-7039)**	15.8	–22.7	0.8	29.0	–18.8	none	1.16
B	B	**Nicholas Fund (414-272-6133)**	25.7	–6.9	2.8	157.1	–2.2	none	0.87
D	C	**North Star Stock Fund (612-371-2381)**	16.0	–7.2	3.2	45.9	16.2	none	0.70
B	F	**Omega Fund (617-357-8480)**	13.3	–19.8	1.1	23.1	–29.4	none	1.50
C	D	**The One Hundred Fund (303-837-1020)**	11.8	–33.7	none	10.0	–35.9	none	1.70
C	A	**Partners Fund (212-850-8300)**	20.0	–1.5	5.9	146.3	5.0	none	0.97
C	D	**Penn Square Mutual Fund (800-523-8440)**	17.1	–3.5	5.2	161.5	–9.5	none	0.63
A	A	**Pennsylvania Mutual Fund (800-221-4268)**	30.9	–2.9	1.2	145.6	84.1	none	1.29
C	D	**Pine Street Fund (800-221-5672)**	14.1	–9.2	3.8	39.4	–12.4	none	1.15
B	C	**Plitrend Fund (800-231-0808)**	21.7	–18.8	2.1	61.5	–19.6	none	1.04
A	F	**Precious Metals Holdings (617-338-4220)**	12.2	–7.3	4.2	59.8	–25.3	none	1.36
D	F	**T Rowe Price Growth Stock Fund (800-638-5660)**	10.2	–15.0	2.8	868.9	–22.0	none	0.52
B	F	**T Rowe Price New Era Fund (800-638-5660)**	16.4	–2.9	3.8	452.6	–6.9	none	0.68
A	D	**T Rowe Price New Horizons Fund (800-638-5660)**	20.0	–20.6	1.3	1,179.4	–29.6	none	0.61
D	C	**PRO Fund (800-523-0864)**	12.1	–15.3	2.5	28.4	–33.2	none	1.37
•A	D	**Quasar Associates (800-221-5672)**	—*	–22.5	0.4	42.9	–1.6	none	1.23
B	D	**SAFECO Equity Fund (800-426-6730)**	17.6	–7.4	4.8	30.1	–16.2	none	0.65
A	C	**SAFECO Growth Fund (800-426-6730)**	23.5	–11.6	2.8	58.0	–13.3	none	0.61
D	C	**SAFECO Income Fund (800-426-6730)**	15.9	2.7	7.0	19.5	–5.3	none	0.63
B	D	**Scudder Capital Growth Fund (800-225-2470)**	21.9	–8.7	2.0	223.0	–3.4	none	0.89
C	F	**Scudder Common Stock Fund (800-225-2470)**	14.6	–16.5	3.8	223.7	–14.1	none	0.92
B	C	**Scudder Development Fund (800-225-2470)**	24.3	–18.0	1.8	206.6	–18.3	none	1.31
D	C	**Selected American Shares (800-621-7321)**	13.8	10.4	5.6	76.0	–5.5	none	0.94
C	F	**Selected Special Shares (800-621-7321)**	12.4	–10.4	3.3	31.4	–17.8	none	1.21

•Fund rated for two periods only, maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling shares. [15]Formerly Ivy Fund. [16]Formerly The One William Street Fund. [17]Formerly Horace Mann Fund.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results for latest 12 months: Average annual total return 1974-84	total return	income distrib.	Total assets 6/30/84 ($ millions)	% change '83 to '84	Maximum sales charge	Annual expense per $100
		Standard & Poor's 500 stock average	**14.9%**	**–4.8%**	**4.8%**				
		FORBES stock fund composite	**17.5%**	**–10.8%**	**3.0%**				
		FORBES balanced fund composite	**13.9%**	**–2.1%**	**8.3%**				
		FORBES bond and preferred stock fund composite	**10.2%**	**–0.1%**	**12.6%**				
		Stock funds (no load)	Group averages 17.6%	–12.2%	4.0%				
C	A+	**Sequoia Fund (212-245-4500)**	27.9%	16.9%	4.4%	$384.4	23.8%	†	$1.00
C	C	**Sherman, Dean Fund (212-577-3850)**	14.3	–28.4	0.5	4.1	–19.6	none	1.98
C	F	**Sierra Growth Fund (213-277-1450)**	13.4	–21.7	1.4	6.0	–16.7	none	1.99
C	D	**Smith, Barney Equity Fund (212-613-2631)**	15.8	–11.1	3.0	54.8	–19.4	none	0.91
D	F	**Steadman American Industry Fund (800-424-8570)**	5.4	–27.6	none	9.7	–32.6	none	NA
D	F	**Steadman Investment Fund (800-424-8570)**	7.8	–22.5	0.4	10.3	–35.2	none	NA
D	F	**Steadman Oceanographic Fund (800-424-8570)**	6.7	–24.6	none	7.0	–29.3	none	3.67
A+	F	**Stein Roe & Farnham Cap Opportun (800-621-0320)**	20.7	–30.3	0.6	206.0	–48.7	none	0.89
A	F	**Stein Roe & Farnham Stock Fund (800-621-0320)**	14.3	–28.4	2.0	214.1	–33.2	none	0.63
•B	C	**Stratton Growth Fund (215-542-8025)**	—*	–13.2	0.8	11.8	–8.5	none	1.61
B	D	**Tudor Fund (800-223-3332)**	22.0	–23.8	0.4	85.0	4.7	none	1.01
A+	D	**20th Century Growth Investors (816-531-5575)**	31.3	–22.8	0.5	616.4	–8.8	none	1.02
A+	C	**20th Century Select Investors (816-531-5575)**	30.5	–20.9	0.7	745.9	47.4	none	1.02
•A	C	**United Services Gold Shares (800-531-5777)**	—*	–7.2	5.2	442.8	40.7	none	1.11
C	B	**The Value Line Fund (800-223-0818)**	19.4	–29.3	2.4	162.1	–18.3	none	0.77
C	C	**The Value Line Income Fund (800-223-0818)**	18.9	–13.9	9.0	107.8	–17.1	none	0.78
C	A	**Value Line Levgd Growth Investors (800-223-0818)**	26.7	–25.3	2.0	173.8	–24.3	none	0.80
A	C	**The Value Line Special Situations (800-223-0818)**	22.9	–31.3	0.2	239.8	–37.0	none	1.00
•B	F	**Vanguard Index Trust (800-523-7025)**	—*	–4.8	4.7	230.5	22.3	none	0.28
•C	A	**Vanguard Qualified Dividend Port I[18] (800-523-7025)**	—*	5.2	9.1	57.6	30.0	none	0.76
D	C	**Variable Stock Fund (413-781-3000)**	12.3	–7.2	3.3	6.2	–7.5	none	1.26
A+	D	**Weingarten Equity Fund (212-557-8787)**	25.3	–22.8	0.3	93.3	–27.9	none	1.20
B	A	**Windsor Fund (800-523-7025)**	22.8	2.8	6.5	1,887.3	20.7	none	0.67
		Stock funds (low load)							
		Analytic Optioned Equity Fund (714-833-0294)	—*	2.9%	3.5%	$ 69.6	54.7%	none	$1.23
		Babson Enterprise Fund (816-471-5200)	—*	—	—*	5.4	—	none	NA
		Boston Co Special Growth Fund (800-343-6324)	—*	–19.7	0.6	28.8	242.9	none	1.46
		Bridges Investment Fund (402-397-4700)	—*	–4.0	6.2	3.3	10.0	none	1.10
		Calvert Equity Fund (800-368-2748)	—*	–16.7	2.3	5.8	–37.6	none	2.25
		Copley Tax-Managed Fund (617-674-8459)	—*	3.5	none	5.6	27.3	none	1.40
		Dean Witter Developing Growth Sec Tr (800-526-3143)	—*	–23.5	2.0	179.4	–9.6	none	0.80
		Dean Witter Dividend Growth Secs (800-526-3143)	—*	–0.4	4.8	50.4	64.7	none	1.17
		Dean Witter Natural Res Devel (800-526-3143)	—*	–15.4	2.4	28.5	–25.2	none	1.18
		Dean Witter Industry-Valued Securities (800-526-3143)	—*	–26.9	2.2	36.6	–21.0	none	1.08
		Dividend/Growth Fd-Dividend Series (800-638-2042)	—*	–2.0	4.0	3.4	–10.5	none	2.43
		Established Growth Fund (800-543-1818)	—*	—	—*	6.9	—	none	2.00
		The Evergreen Total Return Fund (914-698-5711)	—*	5.2	6.4	49.5	27.9	none	1.09
		Federated Stock Trust (800-245-4270)	—*	6.8	4.5	33.2	87.6	none	0.64
		Fidelity Discoverer Fund[19] (800-225-6190)	—*	–18.7	1.6	91.7	–5.4	none	1.21
		Fiduciary Capital Growth Fund (414-271-6666)	—*	–13.7	2.3	26.0	60.5	none	1.80
		Finomic Investment Fund (713-659-2611)	—*	–38.6	none	4.1	–36.9	none	1.90
		Flex Fund (614-457-8100)	—*	–3.1	4.4	44.5	36.1	none	1.51
		Gintel ERISA Fund (800-243-5808)	—*	4.0	2.5	61.3	34.4	none	1.40
		Gintel Fund (800-243-5808)	—*	–1.7	2.1	106.1	20.7	none	1.70

*Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a Forbes rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. [18]Formerly Qualified Dividend Portfolio I. [19]Formerly Fidelity Asset Investment Trust.

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DIVIDENDS EACH YEAR SINCE 1912

The Board of Directors of ENSERCH Corporation on July 26, 1984, declared a regular quarterly dividend of 40 cents per share of common stock, payable September 4, 1984, to shareholders of record August 17, 1984.

For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. C, ENSERCH Center, Box 999, Dallas, Texas 75221.

ENSERCH CORPORATION

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%
		FORBES stock fund composite	17.5%	–10.8%	3.0%
		FORBES balanced fund composite	13.9%	–2.1%	8.3%
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%
		Stock funds (no load)	Group averages 17.6%	–12.9%	3.0%
		Not rated**			
		Golconda Investors (800-431-6060)	—*	–13.4%	1.7%
		The GSC Performance Fund (803-271-7622)	—*	–37.7	none
		Hutton Investment-Emerging Gr Ser (212-742-5000)	—*	–24.6	0.5
		Hutton Investment-Growth Series (212-742-5000)	—*	–12.2	2.2
		Hutton Investment–Option Income (212 742-5000)	—*	—	—*
		Investment Portfolios–Equity (800-621-1048)	—*	—	—*
		LBKL Capital Opportunity Fund (800-221-5350)	—*	2.7	2.3
		Legg Mason Value Trust (800-368-2578)	—*	4.7	1.6
		Leverage Fund of Boston (800-225-6265)	—*	–23.4	none
		Lexington Goldfund (800-526-4791)	—*	–6.3	2.2
		Mairs & Power Income Fund (612-222-8478)	—*	–2.4	7.0
		Medical Technology Fund (800-523-0864)	—*	–34.6	0.7
		Meeschaert Cap Accumulation Fd[20] (617-423-6898)	—*	0.8	none
		Merrill Lynch Fund for Tomorrow (212-692-8252)	—*	—	—*
		Midwest Group-Bartlett Basic Value (800-543-8721)	—*	5.6	5.2
		Mutual Qualified Income Fund (212-908-4047)	—*	16.9	2.4
		The "New Beginning" Growth Fund (612-332-3223)	—*	–15.5	0.9
		Nicholas II (414-272-6133)	—*	—	—*
		North Star Apollo (612-371-7780)	—*	—	—*
		North Star Regional Fund (612-371-7780)	—*	–12.5	2.9
		Northeast Investors Growth Fund (800-225-6704)	—*	–11.8	1.1
		Nova Fund (617-890-4415)	—*	–15.9	1.6
		Pax World Fund (603-431-8022)	—*	–3.1	4.5
		P-C Capital Fund (800-243-1574)	—*	–9.8	6.0
		T Rowe Price Growth and Inc Fund (800-638-5660)	—*	–4.4	6.6
		Prudential-Bache Research Fund (212-791-4654)	—*	–15.5	2.3
		Quest for Value Fund (212-825-4000)	—*	–0.6	1.8
		Royce Value Fund (800-221-4268)	—*	–1.1	none
		St Paul Fiduciary Fund (612-738-4000)	—*	–15.1	2.3
		SBSF Fund (212-370-1250)	—*	—	—*
		SteinRoe Discovery Fund (800-621-0320)	—*	—	—*
		SteinRoe Special Fund (800-621-0320)	—*	–10.3	1.7
		SteinRoe Universe Fund (800-621-0320)	—*	–30.7	1.1
		Trustees' Commingled Fd-US Eq Port (800-523-7025)	—*	–8.2	4.9
		Twentieth Century Ultra Investors (816-531-5575)	—*	–34.2	none
		Twentieth Century Vista Investors (816-531-5575)	—*	—	—*
		UMB Stock Fund (800-821-5591)	—*	–3.6	8.9
		Unified Accumulation Fund (800-862-7283)	—*	0.5	none
		Unified Growth Fund (800-862-7283)	—*	–11.0	3.6
		Utd Svcs-Good & Bad Times Fund (800-531-5777)	—*	–7.1	0.9
		United Services-Growth Fund (800-531-5777)	—*	—	—*
		USAA Mutual Fund-Growth Fund (800-531-8181)	—*	–25.1	1.2
		USAA Mutual Fund-Sunbelt Era Fund (800-531-8181)	—*	–30.2	1.1
		Valley Forge Fund (215-688-6839)	—*	7.7	5.8

*Fund not in operation for full period. †Fund not currently selling shares. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. [20]Formerly Planned Investment Fund.

Total assets 6/30/84 (millions)	% change '84 vs '83	Maximum sales charge	Annual expenses per $100
$ 23.0	–1.3%	none	$1.71
7.2	–44.2	none	2.12
138.5	–14.0	none	2.10
637.5	62.9	none	1.85
90.3	—	none	2.30
8.2	—	none	NA
44.0	16.4	none	1.30
70.4	146.2	none	1.50
29.5	–32.5	none	1.09
8.9	20.3	none	1.50
2.6	–7.1	none	1.26
49.8	–31.4	none	1.46
13.1	227.5	none	4.97
76.0	—	none	NA
15.0	248.8	none	1.99
109.8	145.6	none	1.11
13.7	39.8	none	1.50
6.3	—	none	NA
14.8	—	none	NA
44.2	–2.9	none	0.90
3.6	–7.7	none	2.01
28.1	–8.2	none	1.50
13.7	37.0	none	1.40
5.1	–33.8	†	1.32
277.3	94.9	none	0.90
156.8	4.1	none	1.06
14.1	39.6	none	2.29
22.3	298.2	none	3.06
7.0	–2.8	none	1.50
17.6	—	none	NA
33.2	—	none	1.49
109.4	–8.5	none	0.93
182.5	–45.8	none	1.13
237.2	–2.7	none	0.50
435.9	–14.5	none	1.02
90.2	—	none	1.02
10.9	62.7	none	0.85
9.8	53.1	none	2.44
10.4	–1.0	none	1.16
12.7	–17.0	none	2.20
5.6	—	none	NA
112.4	2.7	none	1.12
86.1	22.0	none	1.16
5.4	80.0	none	1.60

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†See page 6 of the current prospectus.

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THE Vanguard GROUP OF INVESTMENT COMPANIES

1984 Fund Ratings

	Investment results						
	Average annual total return 1974-84	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/84 (millions)	Total assets % change '84 vs '83	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
FORBES stock fund composite	17.5%	–10.8%	3.0%				
FORBES balanced fund composite	13.9%	–2.1%	8.3%				
FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
Bond & preferred stock (load)	Group averages 10.1%	0.2%	12.9%				
Not rated							
Age High Income Fund (800-632-2350)	—*	1.3%	14.7%	$ 71.4	30.8%	4.00%	$0.84
Alliance Mortgage Security Inc Fund (800-221-5672)	—*	—	—*	216.3	—	5.00	NA
American Capital Corporate Bond Fd[21] (800-231-3638)	8.9%	–0.4	12.5	79.5	–16.3	8.50	0.76
American Capital High Yield Invest[22] (800-231-3638)	—*	0.5	14.0	372.1	2.0	6.75	0.74
American National Bond Fund (800-231-4639)	—*	4.7	11.1	4.3	–2.3	5.00	1.00
Axe-Houghton Income Fund (914-631-8135)	9.9	–4.2	12.5	30.2	–12.2	8.00	1.01
Bond Fund of America (800-421-9900)	9.2	0.6	12.5	318.9	–2.4	8.50	0.63
Carnegie Govt Secs Tr-Intermed Ser (800-321-2322)	—*	3.2	11.9	12.7	23.3	4.00	1.00
CIGNA High Yield Fund (800-225-5151)	—*	2.5	14.1	76.1	30.5	7.50	0.96
Colonial Govt Securities Plus Trust (617-426-3750)	—*	—	—*	399.4	—	6.75	NA
Colonial High Yield Securities (800-225-2365)	10.5	2.8	14.2	81.1	9.0	6.75	1.03
Colonial Income Fund (800-225-2365)	8.6	–1.1	13.5	139.3	–17.3	6.75	0.79
Dean Witter High Yield Secs (800-526-3143)	—*	–1.8	14.3	417.9	1.7	5.50	0.71
Delchester Bond Fund (800-523-4640)	20.4	–1.5	13.9	40.9	–0.7	8.50	0.93
Federated High Income Secs (800-245-5051)	—*	1.9	13.9	149.3	31.5	6.50	1.16
First Investors Bond Apprec Fund (212-825-7900)	—*	–4.7	11.8	85.2	19.2	7.25	1.00
First Investors Fund for Inc (212-825-7900)	13.3	–2.7	15.5	856.0	8.4	8.50	0.88
Franklin Custodian-US Govt Ser (800-632-2350)	5.5	–0.1	13.9	1,686.7	NM	4.00	0.73
Fund for U S Govt Securities (800-245-2423)	7.4	2.3	11.8	47.8	–12.9	4.50	1.30
John Hancock Bond Fund (617-421-4506)	6.6	–0.1	12.7	666.6	10.4	8.00	0.83
John Hancock US Govt Secs Fund (617-421-4506)	11.4	2.5	10.6	101.8	61.8	8.00	1.03
High Income Shares (800-221-5757)	—*	1.1	14.9	76.4	17.9	7.25	1.05
High Yield Securities (800-231-0803)	—*	2.7	13.0	88.0	–13.0	6.50	1.08
IDS Bond Fund (800-328-8300)	—*	0.5	13.3	1,061.3	0.8	3.50	0.64
IDS Extra Income Fund (800-328-8300)	—*	—	—*	109.9	—	5.00	1.00
IDS Selective Fund[23] (800-328-8300)	9.6	–0.5	12.7	713.0	–8.9	5.00	0.62
Investment Quality Interest (800-231-4645)	—*	–3.2	13.3	68.2	–1.9	4.50	0.98
JP Income Fund (919-378-2448)	—*	–5.5	12.6	18.8	–16.8	8.00	0.82
Kemper High Yield Fund (800-621-1048)	—*	4.1	13.5	180.4	–1.1	6.75	0.74
Kemper Inc & Capital Preserv Fund (800-621-1048)	—*	3.8	13.2	95.6	–1.4	6.00	0.66
Kemper US Govt Secs Fund (800-621-1048)	—*	4.8	12.8	227.2	67.8	4.00	0.62
Lord Abbett Bond Debenture Fund (212-425-8720)	13.3	–3.8	11.9	190.4	–10.1	8.50	0.69
Mass Finl Bond Fund (800-343-2829)	—*	0.7	11.9	224.7	–9.3	7.25	0.81
Mass Finl High Income Tr (800-343-2829)	—*	0.1	13.8	344.8	10.7	7.25	0 83
Mass Finl Intl Tr-Bond Portfolio (800-343-2829)	—*	1.5	8.7	35.4	–14.5	7.25	1.35
Merrill Lynch Corp Bond Hi Income (800-225-5150)	—*	1.7	13.6	229.0	–9.1	4.00	0.86
Merrill Lynch Corp Bond Hi-Qual (800-225-5150)	—*	–0.5	13.0	113.1	–4.8	4.00	0.86
Merrill Lynch Corp Bond-Intermed (800-225-5150)	—*	1.3	12.3	27.0	–20.6	2.00	0.35
Monthly Income Shares (800-221-5757)	—*	–2.9	12.7	34.2	–17.2	8.50	1.04
National Bond Fund (800-223-7757)	9.3	–3.1	15.4	213.6	8.8	7.25	0.97
National Preferred Fund (800-223-7757)	14.0	2.6	10.6	3.6	2.9	7.25	1.10
Nationwide Bond Fund (800-848-0920)	—*	0.6	12.1	5.2	8.3	7.50	0.80
NEL Income Fund (617-267-6600)	7.2	0.9	10.7	33.7	–3.4	8.00	0.79
Oppenheimer High Yield Fund (800-525-7048)	—*	–1.6	14.6	422.8	2.5	6.75	1.00
Phoenix Hi Qual Bond Fund Series (800-243-1574)	—*	–4.7	10.9	4.1	64.0	7.00	1.55

*Fund not in operation for full period. [21]Formerly American General Capital Bond Fund. [22]Formerly American General High Yield Invest. [23]Formerly Investors Selective Fund. NA: Not available. NM: Not meaningful.

	Investment results						
	Average annual total return 1974-84	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/84 (millions)	Total assets % change '84 vs '83	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	14.9%	−4.8%	4.8%				
FORBES stock fund composite	17.5%	−10.8%	3.0%				
FORBES balanced fund composite	13.9%	−2.1%	8.3%				
FORBES bond and preferred stock fund composite	10.2%	−0.1%	12.6%				
Bond & preferred stock (load)	Group averages 10.1%	0.2%	12.9%				
Not rated							
Phoenix High Yield Fund (800-243-1574)	—*	2.4%	14.7%	$ 45.2	26.3%	7.00%	$0.97
Pioneer Bond Fund (800-225-6292)	—*	2.2	11.9	14.7	7.3	8.50	1.00
Prudential-Bache Govt Secs Tr Intermed (800-528-6166)	—*	3.7	10.8	41.4	21.4	1.00	0.41
Prudential-Bache High Yield Fund (800-528-6166)	—*	3.6	13.5	224.6	5.2	6.75	0.91
Prudential-Bache Quality Income Fund (800-528-6166)	—*	2.7	11.2	25.4	63.9	6.75	1.62
Putnam High Yield Trust (800-225-1581)	—*	−3.0	15.3	589.3	9.1	6.75	0.63
Putnam U.S. Govt Guaranteed Sec (800-225-1581)	—*	—	—*	83.7	—	4.75	NA
St Paul Income Fund (612-738-4000)	8.8%	−5.5	12.4	12.7	−14.2	6.00	1.06
Security Bond Fund (800-255-3557)	—*	—	13.1	29.8	−6.0	4.75	0.78
Sentinel Bond Fund (802-229-3154)	9.5	1.2	12.1	12.3	−6.8	8.50	0.73
Shearson High Yield Fund (212-321-6554)	—*	−0.2	14.0	145.7	2.2	5.00	0.86
Sigma Income Shares (800-441-9490)	—*	−3.2	11.8	16.6	−16.6	8.50	0.80
United Bond Fund (816-283-4000)	8.3	−2.4	13.4	272.4	−11.9	8.50	0.53
United Government Securities Fund (816-283-4000)	—*	—	—*	8.6	—	4.00	NA
United High Income Fund (816-283-4000)	—*	0.1	14.1	481.4	1.0	8.50	0.86
Venture Income (+) Plus (505-983-4335)	—*	4.3	15.7	28.8	41.9	8.50	1.74
Bond & preferred stock (no load)	Group averages 9.1%	−0.7%	11.8%				
Not rated							
Aetna Income Shares (203-273-4806)	—*	0.7%	9.6%	$108.3	−14.1%	none	$0.25
Alliance Bond Fund (800-221-5672)	—*	−5.5	13.4	7.5	−49.3	none	1.07
American Investors Income Fund (800-243-5353)	—*	−11.6	14.2	16.4	−9.9	none	1.52
Babson Bond Trust[24] (800-821-5591)	7.7%	2.6	12.1	36.8	1.4	none	0.75
Boston Co Govt Income Fund (800-343-6324)	—*	3.5	10.3	5.4	1.9	none	1.50
Bull & Bear High Yield Fund (800-431-6060)	—*	—	—*	8.7	—	none	1.00
Calvert Income Fund (800-368-2748)	—*	−2.3	12.6	7.3	0.0	none	0.42
Capital Preserv Treasury Note Tr (800-227-8380)	—*	7.0	9.5	10.3	0.0	none	1.00
Columbia Fixed Income Secs Fund (300-547-1037)	—*	3.5	12.4	32.3	4.9	none	1.22
Composite Income Fund (800-541-0830)	—*	−1.6	11.7	3.4	−20.9	none	1.12
Dreyfus A Bonds Plus (212-895-1206)	—*	−1.9	12.6	94.4	−13.8	none	0.93
Federated GNMA Trust (800-245-4270)	—*	0.4	13.0	180.1	21.0	none	0.28
Federated Income Trust (800-245-4270)	—*	3.0	12.8	141.3	−4.5	none	0.26
Federated Intermediate Govt Tr (800-245-4270)	—*	4.5	11.7	149.5	822.8	none	0.01
Fidelity Corporate Bond Fund (800-225-6190)	8.2	−1.9	12.5	133.8	−12.4	none	0.77
Fidelity Govt Secs Fund Ltd (800-225-6190)	—*	—	11.1	72.9	−12.1	none	0.88
Fidelity High Income Fund (800-225-6190)	—*	3.3	14.0	262.2	18.3	none	0.87
Fidelity Thrift Trust (800-225-6190)	—*	0.4	11.7	111.8	14.8	none	0.69
Financial Bd Shares–Bd Shares Port (800-525-9831)	—*	−5.6	13.2	7.2	−11.1	none	0.00
FPA New Income[25] (800-421-4374)	—*	1.1	12.3	4.1	12.8	none	1.52
Hutton Investment-Bond & Inc Ser (212-742-6372)	—*	−3.6	9.1	152.4	−6.5	none	1.87
Hutton Investment-Govt Sec (212-742-6372)	—*	—	—*	206.7	—	none	NA
IDS Strategy Fund-Income Portfolio (800-328-8300)	—*	—	—*	965.1	—	none	1.60
Keystone Custodian Funds B-1 (800-225-2618)	8.3	−5.2	12.0	57.5	−1.7	none	0.88
Keystone Custodian Funds B-2 (800-225-2618)	10.7	−6.6	12.8	94.4	15.3	none	0.77

*Fund not in operation for full period. [24]Formerly Babson (DL) Income Trust. [25]Formerly Transamerica New Income. NA: Not available.

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1984 Fund Ratings

	Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends
Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%
FORBES stock fund composite	17.5%	–10.8%	3.0%
FORBES balanced fund composite	13.9%	–2.1%	8.3%
FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%
Bond & preferred stock (no load)	Group averages 9.1%	–0.7%	11.8%
Not rated			
Keystone Custodian Funds-B-4 (800-225-2618)	12.7%	–2.7%	13.1%
Liberty Fund (800-367-0770)	10.0	1.1	9.4
Lexington GNMA Income Fund (800-526-4791)	—*	–0.1	11.4
Midwest Inc Tr-Intermed Govt Fund (800-543-8721)	—*	3.6	10.2
Mutual of Omaha America Fund (402-397-8555)	—*	1.7	11.0
North Star Bond Fund (612-371-7780)	—*	–1.7	10.8
Northeast Investors Trust (800-225-6704)	9.4	–2.9	14.1
T Rowe Price New Income Fund (800-635-5660)	9.7	6.2	11.4
T Rowe Price Short-Term Bond Fund (800-638-5660)	—*	—	—*
PRO Income Fund (800-523-0864)	7.1	–2.7	10.2
Pru-Bache Adjustable Rate Pref Stock (800-528-6166)	—*	—	—*
Scudder Target Fund-General 1990 (800-225-2470)	—*	–0.4	9.2
Steadman Associated Fund (800-424-8570)	7.8	–14.6	6.2
SteinRoe Bond Fund (800-621-0320)	—*	–4.3	12.0
Trustees' Commingled-Bond Port (800-523-7025)	—*	—	—*
Twentieth Century US Govts (816-531-5575)	—*	4.3	11.0
UMB Bond Fund (800-821-5591)	—*	1.5	11.7
The Value Line Bond Fund (800-223-0818)	—*	–1.5	12.1
Vanguard Fixed Income Secs-GNMA (800-523-7025)	—*	2.0	12.9
Vanguard Fixed Income Secs-High Yld (800-523-7025)	—*	0.3	15.2
Vanguard Fixed Income Secs-Invest Gr (800-523-7025)	8.4	–1.6	13.8
Vanguard Fixed Income Secs-ST (800-523-7025)	—*	5.6	10.7
Vanguard Qualified Dividend Port II[26] (800-523-7025)	—*	–6.0	13.8
Vanguard Qualified Dividend Port III (800-523-7025)	—*	—	—*
Municipal bond funds	Date started		
American Capital Muni Bond Fund[27] (800-231-3638)	11/76	3.4%	9.4%
D L Babson Tax-Free Inc Fund-LT (800-821-5591)	2/80	0.8	9.5
D L Babson Tax-Free Inc Fund-ST (800-821-5591)	2/80	3.4	7.0
Benham Calif Tax Free Trust-Intermediate (800-227-8380)	11/83	—	—*
Benham Calif Tax-Free Trust-Long-Term (800-227-8380)	11/83	—	—*
Bullock Tax-Free Shares (800-221-5757)	2/77	—	9.5
Calif Tax Exempt Bonds (800-223-7757)	5/83	–1.5	9.8
Calvert Tax-Free Res-Ltd Term (800-368-2748)	4/81	5.3	6.5
Calvert Tax Free Reserves-Long-term (800-368-2748)	9/83	—	—*
CIGNA Municipal Bond Fund (800-225-5151)	3/77	1.0	9.6
Composite Tax-Exempt Bond Fund (800-541-0830)	1/77	0.3	9.7
Country Cap Tax Exempt Bond Fund (309-557-2444)	11/78	–2.1	8.1
Dean Witter Tax Exempt Secs (800-526-3143)	3/80	1.9	9.1
DMC Tax-Free Income Tr-USA (800-523-4640)	1/84	—	—*
DMC Tax-Free Income Tr-Penn (800-523-4640)	3/77	3.5	9.2

*Fund not in operation for full period. [26]Formerly Qualified Dividend-Portfolio II. [27]Formerly American General Muni Bond Fund.

	Total assets		Maximum	Annual
	6/30/84 (millions)	% change '84 vs '83	sales charge	expenses per $100
	$392.6	−9.1%	none	$0.69
	7.6	−11.6	none	1.50
	23.0	20.4	none	1.47
	24.3	−14.1	none	1.10
	17.9	−13.5	none	1.21
	18.2	40.0	none	0.80
	153.7	−12.3	none	0.67
	620.1	−9.8	none	0.62
	18.4	—	none	NA
	20.3	−15.8	none	1.34
	221.3	—	none	NA
	7.7	40.0	none	1.00
	25.0	−27.3	none	NA
	86.5	2.9	none	0.80
	47.5	—	none	NA
	60.4	300.0	none	1.02
	6.0	30.4	none	0.85
	48.4	−19.2	none	0.89
	200.2	62.1	none	0.58
	132.3	83.5	none	0.68
	71.4	9.5	none	0.67
	118.3	−25.1	none	0.56
	42.6	−24.9	none	0.66
	142.1	—	none	NA
	$ 64.0	21.2%	4.75%	$0.80
	11.9	12.3	none	0.75
	6.6	29.4	none	0.75
	25.8	—	none	1.00
	21.9	—	none	1.00
	52.9	18.6	4.75	0.98
	23.6	91.9	5.25	0.32
	49.9	−7.1	none	1.00
	19.9	—	none	NA
	137.5	1.8	7.50	0.62
	51.6	−18.4	none	0.87
	4.1	13.9	5.00	1.57
	127.5	12.7	4.00	0.70
	21.2	—	4.50	NA
	56.3	26.5	4.50	0.87

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THE Vanguard GROUP OF INVESTMENT COMPANIES

1984 Fund Ratings

	Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	14.9%	−4.8%	4.8%				
FORBES stock fund composite	17.5%	−10.8%	3.0%				
FORBES balanced fund composite	13.9%	−2.1%	8.3%				
FORBES bond and preferred stock fund composite	10.2%	−0.1%	12.6%				
Municipal bond funds	Date started						
Dreyfus Calif Tax Exempt Bond Fund (800-645-6561)	7/83	—	—*	$ 228.9	—	none	$0.27
Dreyfus Intermediate Tax Exempt Bond Fd (800-645-6561)	8/83	—	—*	241.7	—	none	0.38
Dreyfus NY Tax Exempt Bond Fund (212-895-1206)	7/83	—	—*	273.7	—	none	0.61
Dreyfus Tax Exempt Bond Fund (800-645-6561)	10/76	2.4%	9.6%	1,872.9	7.0%	none	0.71
Eaton Vance Municipal Bond Fund (617-482-8260)	3/78	0.2	9.6	16.2	27.6	3.75%	0.80
Federated Tax-Free Income Fund (800-245-5051)	10/76	−2.7	9.5	44.5	−9.2	4.50	1.17
Fidelity High Yield Muni (800-225-6190)	12/77	2.2	10.2	787.8	22.5	none	0.65
Fidelity Limited Term Muni (800-225-6190)	4/77	3.3	8.1	177.9	4.9	none	0.83
Fidelity Mass Tax-Free-Muni Bond (800-225-6190)	11/83	—	—*	47.8	—	1.00	NA
Fidelity Municipal Bond Fund (800-225-6190)	8/76	0.5	9.5	618.0	−7.4	none	0.59
Financial Tax-Free Inc Shares (800-525-9831)	8/81	−1.3	9.5	60.3	−2.3	none	0.75
First Investors Tax Exempt Fund (212-825-7900)	8/77	3.0	9.3	287.3	51.6	7.25	1.22
Franklin Calif Tax-Free Inc Fund (800-632-2350)	2/77	3.4	9.9	1,840.8	41.8	4.00	0.55
Franklin Federal Tax-Free Income (800-632-2350)	9/83	—	—*	8.0	—	4.00	0.70
Franklin NY Tax-Free Income Fund (800-632-2350)	9/82	2.9	10.2	201.1	359.1	4.00	0.80
GIT Tax Free Tr-High Yield (800-336-3063)	12/82	0.7	9.3	25.1	11.6	none	1.12
John Hancock Tax-Exempt Inc Tr (617-421-4506)	1/77	0.5	8.5	171.2	34.5	8.00	0.74
Hutton California Municipal Fund (212-742-3992)	6/83	2.3	8.7	54.7	287.9	4.00	0.75
Hutton National Municipal Fund (212-742-3992)	6/83	6.2	9.2	181.9	306.9	4.00	0.72
Hutton New York Municipal Fund (212-742-3992)	6/83	5.5	8.6	53.5	552.4	4.00	0.68
IDS High Yield Tax-Exempt Fund (800-328-8300)	5/79	2.8	10.0	1,429.7	33.6	5.00	0.66
IDS Tax-Exempt Bond Fund (800-328-8300)	12/76	1.0	9.5	427.6	11.3	5.00	0.67
Kemper Calif Tax-Free Inc Fund (800-621-1048)	1/83	2.3	9.6	51.2	94.7	4.50	0.72
Kemper Municipal Bond Fund (800-621-1048)	4/76	2.9	9.6	425.0	29.5	4.75	0.54
Keystone Tax Free Fund (800-225-2618)	1/78	0.8	10.0	224.2	337.0	none	1.12
Lord Abbett Tax-Free-Natl Series (212-425-8720)	4/84	—	—*	9.1	—	4.75	NA
Lord Abbett Tax-Free-NY Series (212-425-8720)	4/84	—	—*	10.6	—	4.75	NA
Merrill Lynch Muni Bd Fd-High Yield (212-692-2939)	11/79	4.4	10.3	377.0	28.7	4.00	0.66
Merrill Lynch Muni Bd Fd-Insured (212-692-2939)	11/77	3.0	9.7	637.6	17.9	4.00	0.73
Merrill Lynch Muni Bd Fd-Ltd Mty (212-692-2939)	11/79	5.6	6.7	421.3	−8.5	1.00	0.49
MFS Managed High Yield Municipal Bond (617-956-1200)	2/84	—	—*	37.0	—	4.75	NA
MFS Managed Municipal Bond Trust (800-343-2829)	10/76	3.3	8.8	282.4	32.2	4.75	0.80
Midwest Group Tax Free Tr-Ltd Term (800-543-8721)	9/81	3.6	6.4	15.0	9.5	none	0.99
Mutual of Omaha Tax-Free Inc Fund (402-397-8555)	1/77	−1.0	9.4	100.1	16.0	8.00	0.74
National Secs Tax Exempt Bonds (800-223-7757)	11/76	0.5	9.6	33.5	4.7	5.25	0.85
NEL Tax Exempt Bond Fund (617-267-6600)	5/77	0.5	9.6	69.6	21.0	4.50	0.78
New York Muni Fund (800-221-2990)	4/81	5.1	8.0	95.0	70.9	none	1.53
Nuveen Municipal Bond Fund (800-621-7227)	11/76	1.0	8.2	313.2	22.6	none	0.74
Oppenheimer Tax-Free Bond Fund (212-668-5000)	10/76	6.0	8.8	61.9	13.4	4.50	0.90
T Rowe Price Tax-Free Inc Fund (800-638-5660)	11/76	1.0	8.3	861.9	−11.4	none	0.66
T Rowe Price Tax-Free Short-Intermed Fd (800-638-5660)	12/83	—	—*	40.2	—	none	NA
Prudential-Bache High Yield Muni (212-791-4654)	6/80	3.1	9.4	231.3	28.1	4.50	0.85
Putnam Calif Tax Exempt Income (800-225-1581)	6/83	0.8	9.5	288.4	16.0	4.75	NA
Putnam Tax Exempt Income Fund (800-225-1581)	11/76	2.4	9.1	107.0	29.9	4.75	0.72
Quality Tax Free Bond Portfolio (713-751-2400)	6/83	1.3	9.3	16.4	NM	4.50	NA

*Fund not in operation for full period. NA: Not available. NM: Not meaningful.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
		FORBES stock fund composite	17.5%	–10.8%	3.0%				
		FORBES balanced fund composite	13.9%	–2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
		Municipal bond funds	Date started						
		SAFECO California Tax Free Income (800-426-6730)	8/83	—	—*	$ 8.0	—	none	$0.90
		SAFECO Municipal Bond Fund (800-426-6730)	11/81	0.7%	9.9%	51.9	68.5%	none	0.64
		Scudder California Tax-Free (800-225-2470)	7/83	—	—*	39.1	—	none	1.00
		Scudder Managed Municipal Bonds (800-225-2470)	10/76	–0.5	9.9	446.2	–1.0	none	0.65
		Scudder New York Tax-Free (800-225-2470)	7/83	—	—*	30.7	—	none	1.00
		Scudder Tax-Free Target 1987 Port (800-225-2470)	4/83	4.7	6.3	13.4	226.8	none	1.00
		Scudder Tax-Free Target 1990 Port (800-453-3305)	4/83	3.6	7.5	19.0	387.2	none	1.00
		Scudder Tax-Free Target-1993 Port (800-453-3305)	4/83	4.8	8.1	14.6	386.7	none	1.00
		Selected Tax-Exempt Bond Fund (800-621-7321)	10/77	–0.5	8.8	4.5	7.1	none	0.64
		Seligman Tax-Exempt Series-Mass Ser (800-221-2450)	11/83	—	—*	19.2	—	4.75%	NA
		Seligman Tax-Exempt Series-Minn Ser (800-221-2450)	11/83	—	—*	20.6	—	4.75	NA
		Seligman Tax-Exempt Series-Natl Ser (800-221-2450)	11/83	—	—*	18.0	—	4.75	NA
		Seligman Tax-Exempt Series-NY Ser (800-221-2450)	11/83	—	—*	15.0	—	4.75	NA
		Seligman Tax-Exempt Series-Ohio Ser (800-221-2450)	11/83	—	—*	16.1	—	4.75	NA
		Shearson California Municipals (617-956-9690)	4/84	—	—*	16.0	—	5.00	NA
		Shearson Managed Municipals (212-577-5794)	3/81	3.2	9.9	194.0	21.0	5.00	0.71
		Sigma Tax-Free Bond Fund (800-441-9490)	8/79	–2.2	9.1	5.5	0.0	4.75	0.64
		SteinRoe High Yield Municipals (800-621-0320)	3/84	—	—*	12.4	—	none	0.80
		SteinRoe Tax-Exempt Bond Fund (800-621-0320)	2/77	2.5	8.7	199.6	2.7	none	0.65
		Tax-Exempt Bond Fund of Amer (800-421-9900)	10/79	1.4	8.5	104.7	15.4	4.75	0.71
		United Municipal Bond Fund (816-283-4000)	11/76	0.7	9.3	189.0	6.3	4.00	0.67
		USAA Tax-Exempt Fund-High Yield (800-531-8181)	3/82	1.9	9.9	159.9	99.4	none	0.68
		USAA Tax-Exempt Fund-Intermed (800-531-8181)	3/82	2.8	9.2	70.1	53.4	none	0.23
		USAA Tax-Exempt Fund-Short Term (800-531-8181)	3/82	5.6	6.7	65.9	83.6	none	0.85
		Vanguard Muni Bond-High Yield (800-523-7025)	12/78	1.2	10.1	200.6	33.8	none	0.46
		Vanguard Muni Bond-Intermediate (800-523-7025)	9/77	1.5	8.9	182.2	30.1	none	0.46
		Vanguard Muni Bond-Long Term (800-523-7025)	9/77	1.2	9.8	249.1	10.5	none	0.46
		Stock funds (closed end)	Group averages: 22.7%	6.1%	3.4%			% prem (+) or disc (–)	
D	A	The Adams Express Co (301-752-5900)	18.1%	2.9%	5.0%	$340.2	–9.6%	–7.4%	$0.52
A+	C	ASA Limited (212-754-9375)	12.0	–9.5	7.0	614.8	–4.4	–10.2	0.20
A	B	Baker, Fentress & Co (312-236-9190)	26.9	–2.4	3.6	301.3	–16.4	–20.6	0.44
A+	B	Central Securities (212-688-3011)	27.7	0.2	2.6	89.7	–13.5	–19.4	0.69
A	A	Claremont Capital (206-324-0901)	35.2	13.4	5.1	41.3	0.5	–17.9	1.06
B	B	General American Investors (212-916-8400)	22.3	–11.8	2.4	223.2	–20.4	0.4	1.25
B	B	The Japan Fund (212-350-8500)	23.2	14.2	1.5	264.7	11.0	–6.0	0.69
C	B	The Lehman Corp (800-221-5350)	20.3	0.4	3.9	644.4	–19.0	2.4	0.45
B	F	Niagara Share Corp (716-856-2600)	15.9	–3.4	2.9	154.2	–17.4	4.0	0.98
B	D	Petroleum & Resources Corp (301-752-5900)	20.4	–0.5	4.5	252.6	–5.4	–0.5	0.55
B	A+	Source Capital (800-421-4374)	38.2	7.1	4.7	239.9	–6.4	–6.5	0.96
C	D	Spectra Fund (800-223-3810)	17.7	48.6	none	4.3	–27.1	–34.9	2.47
D	A	Tri-Continental Corp (800-221-2450)	17.6	–2.1	4.9	862.1	–20.0	–3.2	0.53

*Fund not in operation for full period. NA: Not available.

1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	% prem (+) or disc (–)	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
		FORBES stock fund composite	17.5%	–10.8%	3.0%				
		FORBES balanced fund composite	13.9%	–2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
		Stock funds (closed end)	Group averages 22.7%	6.1%	3.4%				
		Not rated**							
		CL Assets (800-367-0770)	—*	15.4%	none	$21.4	–2.7%	485.9%	$1.50
		Engex (212-558-0439)	—*	112.5	none	22.0	–20.6	–24.7	0.91
		Equity Strategies Fund (212-683-7141)	—*	–11.1	2.0	5.8	–27.5	–1.9	1.79
		The Mexico Fund (212-692-2939)	—*	–40.1	6.8%	60.7	168.6	–5.7	3.20
		Nautilus Fund (617-482-8260)	—*	–24.7	3.8	20.5	–29.1	10.9	1.55
		Bond & preferred stock (closed end)	Group averages 11.0%	–0.1%	13.1%				
		Not rated							
		American Capital Bond Fund[28] (713-529-0600)	8.1%	3.1%	12.9%	$174.8	–8.3%	–5.0%	$0.80
		Bunker Hill Income Securities (213-613-7054)	—*	7.6	13.6	39.1	–15.2	3.6	0.85
		Circle Income Shares (317-639-8180)	—*	0.0	12.4	27.6	–6.4	2.2	0.75
		CNA Income Shares (212-952-5000)	—*	0.7	13.7	48.0	–11.8	–6.6	0.89
		Current Income Shares (213-480-6748)	—*	1.2	12.9	32.4	–13.4	–3.7	1.00
		Drexel Bond-Debenture Trading Fund (215-545-4100)	12.3	–6.3	13.0	38.3	–15.1	0.0	1.56
		Excelsior Income Shares (212-425-7120)	—*	–2.6	13.4	32.2	–14.1	–6.8	0.92
		Fort Dearborn Income Securities (312-346-0676)	9.1	–6.7	13.3	72.6	–15.3	–4.2	0.80
		John Hancock Income Securities (617-421-2909)	—*	1.9	12.8	116.8	–12.4	–6.9	0.68
		John Hancock Investors (617-421-2909)	10.7	4.3	12.9	114.7	–8.3	–5.6	0.72
		Hatteras Income Securities (704-333-7808)	—*	1.1	12.8	40.2	–11.5	3.0	1.04
		INA Investment Securities (203-726-7800)	10.7	–3.0	13.2	69.0	–8.1	–5.9	0.97
		Independence Square Inc Secs (302-792-8800)	10.2	0.9	13.5	23.9	–15.9	2.9	1.05
		InterCapital Income Securities (212-938-4554)	—*	0.4	13.3	154.5	–10.7	1.0	0.71
		Lincoln National Direct Placement (219-427-3655)	13.5	5.5	12.8	52.2	–11.1	–13.1	0.95
		MassMutual Corporate Investors (413-788-8411)	17.6	1.4	12.3	103.8	–4.5	–18.5	1.01
		MassMutual Income Investors (413-788-8411)	10.7	0.5	13.2	105.3	–9.2	1.2	0.99
		Montgomery St Income Securities (415-982-8020)	—*	0.0	12.9	124.7	–12.6	–3.7	0.77
		Mutual of Omaha Interest Shares (800-228-9596)	8.9	–3.8	12.9	71.6	–11.1	–2.2	0.83
		Pacific American Income Shares (213-449-0309)	—*	5.0	13.1	70.5	–12.3	–7.7	3.96
		Paul Revere Investors (617-799-4441)	10.0	–13.2	14.4	36.2	–7.2	–20.8	1.59
		St Paul Securities (612-738-4000)	10.7	1.8	12.6	88.3	–14.5	1.3	0.88
		State Mutual Securities (800-251-4653)	—*	–1.9	13.5	76.5	–11.2	–8.1	1.06
		Transamerica Income Shares (800-631-0749)	11.3	0.3	12.6	90.1	–13.2	0.0	0.67
		USLIFE Income Fund (212-709-6616)	12.0	7.5	13.7	43.8	–12.6	0.1	1.33
		Vestaur Securities (215-567-3969)	9.6	–7.5	14.0	61.9	–15.0	–10.0	1.20
		Balanced funds (closed end)	Group averages 21.9%	–3.0%	7.6%				
A+	A	American Capital Convertible Secs[29] (713-529-0600)	23.3%	5.1%	6.5%	$67.4	–13.5%	14.9%	$0.79
A	C	Bancroft Convertible Fund (212-269-9236)	19.3	–4.4	6.6	43.2	–11.1	–8.5	1.30
A	C	Castle Convertible Fund (800-223-3810)	23.0	–9.7	9.8	28.3	–25.5	–6.1	1.35

*Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. [28]Formerly American General Bond Fund. [29]Formerly American General Convertible Secs. NA: Not available.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	% Prem (+) or disc (–)	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%				
		FORBES stock fund composite	17.5%	–10.8%	3.0%				
		FORBES balanced fund composite	13.9%	–2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%				
Kind of shares		**Dual purpose funds**	Group averages: 20.5%	–4.2%	16.6%				
Capital		Gemini Capital (800-523-7025)	30.4%	–1.7%	none	$110.5	–7.1%	–1.4%	$0.81
Income		Gemini Income (800-523-7025)	—	0.4	24.6%			10.9	
Capital		Hemisphere Fund (800-367-0770)	10.6	–34.7	none	23.3	–7.2	–2.7	0.95
Income		Hemisphere Fund (800-367-0770)	—	19.4	8.5			–5.8	
		Balanced funds (load)	Group averages: 13.9%	–2.4%	8.4%			Maximum sales charge	
C	C	American Balanced Fund (800-421-9900)	13.4%	–2.9%	7.8%	$111.1	–4.7%	8.50%	$ 0.77
A+	F	American Capital Harbor Fund[30] (800-231-3638)	17.7	–5.1	7.3	163.3	–9.9	8.50	0.65
C	F	Axe-Houghton Fund B (800-431-1030)	12.0	–11.1	6.8	128.6	–20.1	8.00	0.73
C	C	Boston Foundation Fund (412-288-1900)	14.1	3.7	7.2	26.6	–6.3	8.50	1.52
D	B	CIGNA Income Fund (800-225-5151)	11.1	–0.2	12.2	190.5	–15.7	7.50	0.65
B	F	The Colonial Fund (617-426-3750)	12.2	1.2	6.5	83.2	–3.4	8.50	0.99
B	D	Commerce Income Shares (800-231-4645)	12.9	–11.0	7.0	46.4	–19.6	8.50	0.98
B	F	Eaton & Howard Balanced Fund (617-482-8260)	11.1	–3.6	7.5	53.3	–20.6	7.25	0.89
D	B	Eaton Vance High Yield (617-482-8260)	9.5	0.0	12.6	20.9	–14.3	8.50	0.95
D	C	Eaton Vance Inc Fund of Boston (617-482-8260)	11.3	–1.0	12.2	33.4	17.2	8.50	1.24
A	D	Eaton Vance Investors Fund (617-482-8260)	15.0	–2.2	7.2	136.0	–9.6	8.50	0.86
B	C	Franklin Custodian–Income Series (800-632-2350)	15.9	–1.7	13.0	65.5	12.4	7.25	0.83
C	D	IDS Mutual[31] (800-328-8300)	12.8	–0.1	8.3	1,000.8	–14.6	5.00	0.61
A+	F	Kemper Total Return Fund (800-621-1048)	19.5	–13.9	4.9	246.5	16.6	8.50	0.69
C	B	Lord Abbett Income Fund (212-425-8720)	13.4	0.1	12.5	47.9	–4.4	7.25	0.90
D	B	Magna Income Trust (800-526-0475)	11.9	–1.8	12.6	7.3	–8.8	7.25	1.27
A	F	Massachusetts Fund (617-225-2618)	13.4	–8.5	6.8	185.8	–18.7	÷	0.61
B	D	Mass Income Development Fund (800-343-2829)	14.1	–3.0	7.9	186.7	–12.9	7.25	0.80
•D	•C	Merrill Lynch Equi-Bond I Fund (800-631-0749)	—*	–5.4	6.6	13.4	–13.0	4.00	1.50
D	C	Mutual of Omaha Income Fund (402-397-8555)	10.9	–0.2	11.7	44.6	2.8	8.00	0.90
C	D	Nation-Wide Securities (800-221-5757)	12.7	1.4	7.5	33.6	–12.0	8.50	1.18
B	B	National Income Fund (800-223-7757)	16.6	2.7	8.9	53.0	–11.5	7.25	0.91
A+	D	National Total Return Fund (800-223-7757)	18.1	–1.8	7.1	128.8	2.1	7.25	0.92
B	B	Phoenix-Chase Convertible Fund Series (800-243-1574)	19.4	0.8	8.4	58.6	–8.6	8.50	0.88
C	B	Provident Fund for Income (713-529-0600)	15.3	1.6	7.6	100.7	–11.0	7.25	0.71
A	D	Putnam Convertible Fund (800-255-1581)	17.3	–7.6	8.3	45.1	27.4	8.50	1.08
B	D	The George Putnam Fund Boston (800-225-1581)	13.4	–13.3	9.9	257.3	–26.0	8.50	0.59
D	B	The Putnam Income Fund (800-225-1581)	9.9	0.3	12.9	135.6	–12.9	6.75	0.83
C	C	Seligman Income Fund (800-221-2450)	13.5	–1.6	11.0	71.9	–6.6	7.25	0.79
D	C	Sentinel Balanced Fund (802-229-3154)	12.7	2.1	8.1	12.4	–5.3	8.50	0.80
C	D	Sigma Trust Shares (800-441-9490)	13.1	–0.3	7.1	23.8	–4.8	8.50	1.02
A	C	SoGen International Fund (212-832-0022)	17.1	0.7	5.7	40.6	–5.1	4.50	1.24
B	D	United Contl Income Fund (816-283-4000)	14.3	–3.0	6.9	46.2	–7.0	8.50	0.88
		Not rated**							
		Convertible Yield Securities (713-626-1919)	—*	–11.6%	6.6%	$20.5	–12.8%	6.50%	$1.54
		Country Capital Income Fund (309-557-2444)	—*	0.8	9.9	3.3	–8.3	5.00	1.50
		GPM Fund (617-482-6500)	—*	–0.9	2.8	3.4	–2.9	8.00	1.50

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. †Fund not currently selling new shares. [30]Formerly American General Harbor Fund. [31]Formerly Investors Mutual.

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1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends
		Standard & Poor's 500 stock average	14.9%	–4.8%	4.8%
		FORBES stock fund composite	17.5%	–10.8%	3.0%
		FORBES balanced fund composite	13.9%	–2.1%	8.3%
		FORBES bond and preferred stock fund composite	10.2%	–0.1%	12.6%
		Balanced funds (load)	Group averages 13.9%	–2.4%	8.4%
		Not rated**			
		Merrill Lynch Phoenix Fund (800-631-0749)	—*	5.3	3.5
		Phoenix Balanced Fund Series (800-243-1574)	—*	1.6	8.8
		Rea-Graham Fund (213-471-1917)	—*	–5.9	6.6
		Balanced funds (no load)	Group averages 11.9%	–1.8%	8.2%
B	F	Composite Bond & Stock Fund (800-541-0830)	12.4%	–10.9%	8.5%
B	F	Dodge & Cox Balanced Fund (415-981-1710)	13.5	–3.7	7.3
C	D	The Dreyfus Special Income Fund (800-631-0749)	11.7	1.9	9.2
C	D	Keystone Custodian Funds-K-1 (800-225-2618)	13.5	–4.7	8.8
C	F	Loomis-Sayles Mutual Fund (800-223-7124)	12.0	–8.0	6.3
D	C	Newton Income Fund (800-247-7039)	9.9	5.0	11.0
D	C	Nicholas Income Fund[32] (414-272-6133)	9.6	2.2	13.0
D	C	Scudder Income Fund (800-225-2470)	10.0	–0.6	11.7
D	B	Southwestern Investors Income (800-231-0808)	10.1	1.4	11.0
B	F	SteinRoe Total Return Fund[33] (800-621-0320)	11.1	–9.3	6.9
A	F	Unified Mutual Shares (800-862-7283)	14.1	–4.6	4.7
D	C	Wellesley Income Fund (800-523-7025)	12.3	2.5	11.1
B	F	Wellington Fund (800-523-7025)	14.0	–0.3	7.8
		Not rated**			
		Calvert Social Invest–Mgd Growth (800-368-2748)	—*	–9.2	4.3
		Strong Investment Fund (800-368-3863)	—*	5.5	1.9
		Strong Total Return Fund (800-368-3863)	—*	3.5	2.5
		Unified Income Fund (800-862-7283)	—*	–6.0	11.2
		USAA Mutual Fund-Income Fund (800-531-8181)	—*	2.1	10.2
		Funds for investing abroad	Group averages 13.6%	1.3%	2.2%
D	F	Canadian Fund (800-221-5757)	9.4%	–9.9%	3.8%
•C	•B	G T Pacific Fund (415-392-6181)	—*	7.2	2.3
A+	C	International Investors (800-221-2220)	18.2	–3.1	4.6
D	D	Keystone International Fund (800-225-2618)	12.0	–11.0	3.6
•C	•A	Merrill Lynch Pacific Fund (800-225-5150)	—*	14.4	0.7
C	C	Putnam International Equities (800-343-0929)	17.6	2.0	0.6
D	C	Scudder International Fund (800-225-2470)	13.2	5.6	2.0
D	D	Transatlantic Fund (212-747-0440)	11.2	–6.7	7.0
		Not rated**			
		Alliance International Fund (212-902-2000)	—*	–1.0%	0.7%
		Bailard, Biehl & Kaiser Intl Fund (415-571-5800)	—*	13.6	0.7
		Dean Witter World Wide Invest Tr (800-526-3143)	—*	—	—*
		Europacific Growth Fund (800-421-9900)	—*	—	—*
		First Investors Intl Secs Fund (212-825-7966)	—*	–4.2	0.4

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. [32]Formerly Wisconsin Income Fund. [33]Formerly Stein Roe & Farnham Balanced Fund.

Total assets 6/30/84 (millions)	Total assets % change '84 vs '83	Maximum sales charge	Annual expenses per $100
105.0	–15.1	6.50	1.16
61.9	–8.0	8.50	0.82
10.0	23.5	8.50	2.45
$ 23.6	–14.5%	none	$1.02
17.9	–8.2	none	0.76
86.3	1.4	none	0.85
63.5	–8.9	none	0.87
81.7	–17.8	none	0.87
7.1	9.2	none	1.77
15.1	4.1	none	1.00
105.6	–1.3	none	0.97
9.4	–6.0	none	1.04
86.9	–10.6	none	0.73
9.0	–8.2	none	1.23
98.1	–9.3	none	0.70
563.4	–10.2	none	0.64
9.0	95.7	none	0.85
91.1	699.1	none	1.70
59.7	428.3	none	1.80
6.9	0.0	none	0.65
83.5	120.9	none	0.99
$ 21.4	–21.3%	8.50%	$1.16
39.2	180.0	none	1.40
927.0	33.0	8.50	0.78
26.9	–18.7	none	1.66
92.7	102.8	6.50	1.31
44.5	5.2	8.50	1.65
173.5	59.6	none	1.05
29.5	–14.7	none	1.28
$ 47.8	28.8%	8.50%	$1.42
30.0	46.3	none	1.23
101.6	—	none	1.24
12.7	—	8.50	0.54
35.8	347.5	8.50	1.51

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1984 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1974-84	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	−4.8%	4.8%				
		FORBES stock fund composite	17.5%	−10.8%	3.0%				
		FORBES balanced fund composite	13.9%	−2.1%	8.3%				
		FORBES bond and preferred stock fund composite	10.2%	−0.1%	12.6%				
		Funds for investing abroad	Group averages 13.6%	1.3%	2.2%				
		Not rated**							
		Kemper International Fund (800-621-1148)	—*	0.6%	1.0%	$ 44.5	22.6%	8.50%	$1.44
		T Rowe Price International Fund (800-638-5660)	—*	5.3	1.2	178.5	90.5	none	1.16
		Prudential-Bache Global Fund (800-872-7787)	—*	—	—*	5.0	—	none	NA
		Templeton Foreign Fund (800-237-0738)	—*	3.7	1.5	61.8	286.3	8.50	1.44
		United Services-Prospector Fund (800-531-5777)	—*	—	—*	48.0	—	none	NA
		Trustees' Commingled Fd-Int Eq Port (800-523-7025)	—*	3.4	2.7	196.5	892.4	none	0.90
		Exchange funds	Group averages 15.1%	−8.7%	3.0%				
		Not rated							
		American Capital Exchange Fund[34] (800-231-3638)	—*	−6.4%	2.9%	$47.2	−16.6%	none	$0.69
		Capital Exchange Fund (617-482-8260)	15.0%	−11.6	2.7	56.8	−16.4	none	0.76
		Chestnut St Exchange Fund (302-792-8800)	—*	−8.5	3.0	112.4	−13.7	none	0.62
		Depositors Fund of Boston (617-482-8260)	13.8	−15.3	2.9	47.3	−21.8	none	0.77
		Diversification Fund (617-482-8260)	14.3	−10.3	2.7	53.0	−16.0	none	0.77
		Exchange Fund of Boston (617-482-8260)	15.6	−12.8	2.8	47.1	−20.3	none	0.76
		Federated Exchange Fund (800-245-2423)	—*	−2.4	3.3	82.1	−12.3	none	1.02
		Fidelity Congress Street Fund (800-225-6190)	14.6	0.1	4.3	39.5	−11.4	none	0.66
		Fidelity Exchange Fund (800-225-6190)	—*	−5.6	3.4	115.3	−8.8	none	0.62
		Fiduciary Exchange Fund (617-482-8260)	17.4	−15.8	2.6	42.2	−22.1	none	0.78
		Second Fiduciary Exchange Fund (617-482-8260)	15.6	−11.0	2.9	58.7	−16.6	none	0.76
		State Street Exchange Fund (617-482-3920)	—*	−10.5	2.2	110.5	−16.0	none	0.61
		State Street Growth Fund (617-482-3920)	14.8	−3.0	3.4	204.2	−16.4	none	0.55
		Vance, Sanders Exchange Fund (617-482-8260)	—*	−8.8	2.5	127.2	−15.8	none	0.68
Portfolio average maturity (days)		**Money market funds†**	Date started					Minimum initial investment	
		These funds invest primarily in US government and federal agency obligations							
42		Active Assets Govt Securities Trust (800-221-3778)	7/81	—	8.5%	$ 113.3	1.3%	none†	$0.75
34		Alliance Govt Reserves-US Govt (800-221-5672)	7/79	—	8.6	164.3	3.5	$1,000	0.90
35		Automated Govt Money Trust (800-245-4270)	8/82	—	9.1	708.3	NM	100,000	0.50
56		Boston Co Govt Money Fund (800-343-6324)	5/82	—	8.6	25.7	−13.5	1,000	0.88
21		Alex Brown Cash Res Fund-Govt Ser (301-321-4444)	4/82	—	9.0	78.0	23.0	1,500	0.50
36		Calvert Cash Res-US Treas Portfolio (800-368-2748)	11/82	—	8.2	5.3	15.2	2,000	0.54
37		Capital Preservation Fund (800-227-8380)	10/72	—	8.4	1,641.3	−2.2	1,000	0.80
3		Capital Preservation Fund II (800-227-8380)	6/80	—	8.9	599.2	−4.1	5,000	0.85
32		Cardinal Govt Securities Tr (800-848-7734)	9/80	—	9.2	333.4	10.4	1,000	0.39
20		Carnegie Govt Secs Trust-Money Mkt Ser (800-321-2322)	4/80	—	8.9	157.8	−6.7	1,000	0.68
24		Cash Equiv Fund-Govt Portfolio (312-781-1121)	12/81	—	8.9	433.6	6.9	1,000	0.64
14		Centennial Government Trust (800-525-7048)	11/81	—	8.1	11.8	29.7	none†	1.44
45		CMA Govt Securities Fund (800-262-4636)	8/81	—	8.8	1,396.4	12.9	none†	0.53
29		Command Government Fund (800-222-4321)	2/82	—	8.7	85.6	62.1	none†	0.80
49		Current Interest-US Govt Portfolio (800-231-4645)	9/82	—	8.6	52.5	34.6	1,000	0.99

*Fund not in operation for full period. **Funds appear in this issue when they have net assets of $5 million or more and are deleted when net assets fall below $2 million. To earn a FORBES rating, a fund must have operated with the same investment policy during the two most recent stock market cycles. †Most funds are no load. Some funds are offered as part of an integrated financial services account which has a minimum initial investment. [34]Formerly American General Exchange Fund. NA: Not available. NM: Not meaningful.

1984 Fund Ratings

Portfolio average maturity (days)		Investment results: Date started	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest primarily in US government and federal agency obligations							
15	Daily Cash Government Fund (303-671-3464)	3/82	—	8.6%	$ 76.7	29.3%	$ 500	0.86%
36	DBL Cash Fund-Govt Secs Portfolio (212-480-4155)	3/82	—	8.9	183.7	5.5	1,000	0.75
41	Dean Witter/Sears US Gov MM Tr (800-526-3143)	2/82	—	8.5	326.5	0.3	1,000	1.06
27	Delaware Treasury Reserves (800-523-4640)	4/82	—	8.7	56.6	–14.1	1,000	0.82
62	Dreyfus MM Instru-Govt Sec Series (800-645-6561)	5/79	—	8.9	886.9	1.4	2,500	0.65
40	Equitable Government Securities Account (800-443-4430)	6/83	—	8.7	10.6	6.0	1,000	0.91
24	Fidelity MM Tr-US Govt (800-225-6190)	5/79	—	9.9	657.0	3.7	250,000	0.42
1	Fidelity MM Trust-US Treasury (800-255-6190)	4/81	—	9.3	273.2	63.4	250,000	0.42
27	Fidelity U S Government Reserves (800-225-6190)	11/81	—	8.9	380.8	30.6	1,000	0.77
1	Financial Planners Fed Secs Fund (800-424-8570)	2/80	—	7.2	6.5	–45.4	500	NA
26	The First Trust MM Fund (800-621-4770)	12/82	—	9.0	9.7	177.1	none†	0.63
14	First Variable Rate for Govt Inc (800-368-2748)	12/76	—	8.9	614.7	–24.6	2,000	0.93
36	Florida Mut US Govt Secs (305-522-0200)	10/80	—	7.9	4.6	–13.2	1,000	1.54
3	Franklin Federal Money Fund (800-632-2350)	5/80	—	8.6	140.9	26.4	500	1.00
35	Fund for Government Investors (202-861-1800)	3/75	—	8.9	977.5	6.0	2,500	0.68
32	GEICO Invest Series Govt Sec Cash (301-986-2200)	2/82	—	8.8	84.1	14.0	1,000	0.81
1	GIT Cash Trust-Govt MM Fund (800-336-3063)	12/82	—	8.9	6.7	–40.7	1,000	0.82
18	Government Investors Trust (800-336-3063)	7/79	—	8.9	323.7	–19.8	2,000	1.05
13	Government Money Instruments Tr (412-288-1450)	6/82	—	8.3	60.6	–22.9	1,000	1.26
32	Gradison US Government Trust (800-543-1818)	4/82	—	8.5	23.4	9.4	1,000	1.00
16	Hilliard-Lyons Government Fund (502-588-8603)	1/81	—	8.7	113.9	–12.5	3,000	0.79
45	Hutton Government Fund (212-742-6003)	6/82	—	9.1	811.9	28.7	10,000	0.55
21	Kemper Govt MM Fund (800-621-1048)	11/81	—	8.8	90.9	9.5	1,000	0.84
38	Kidder Peabody Govt Money Fund (212-510-5028)	5/83	—	8.7	90.4	288.0	1,500	0.82
6	Lehman Government Fund (800-221-5350)	10/81	—	8.8	340.5	221.5	2,500	0.86
42	Lexington Govt Securities MM Fund (800-526-4791)	1/82	—	8.6	18.1	–12.6	1,000	1.00
66	Liquid Green Tax-Free Trust (800-862-7283)	9/83	—	—*	6.1	—	1,000	0.78
51	MAP Government Fund (401-751-8600)	1/83	—	8.6	9.3	389.5	1,000	0.86
25	Mass Cash Mgmt Tr-Govt Series (800-343-2829)	2/82	—	8.7	31.0	87.9	1,000	0.71
43	Merrill Lynch Government Fund (800-225-1576)	9/77	—	9.0	1,403.1	–8.8	5,000	0.45
44	Merrill Lynch USA Govt Reserves (800-221-7210)	11/82	—	8.6	138.5	28.1	5,000	0.89
26	Midwest Inc Tr-ST Govt Fund (800-543-8721)	12/74	—	8.5	150.1	–8.4	1,000	1.01
5	The Money Fund of US Treas Secs (800-523-0864)	3/82	—	8.1	6.9	17.0	2,000	1.06
40	National Liquid Reserves–Govt Port (800-223-7078)	5/84	—	—*	37.9	—	1,000	NA
44	NEL Cash Mgt Tr-US Govt Series (800-225-7670)	6/82	—	8.8	30.4	20.6	1,000	0.75
45	Neuberger & Berman Govt Money Fund (800-367-0776)	11/83	—	—*	11.2	—	2,000	0.75
19	Oppenheimer U S Government Trust (800-525-7048)	7/82	—	7.9	8.1	6.6	1,000	1.50
43	Pacific Horizon Funds-Govt Portfolio (800-645-3515)	3/84	—	—*	107.9	—	1,000	NA
44	Paine Webber RMA Money–US Govt (800-762-1,000)	10/82	—	8.6	140.1	111.6	none†	0.78
38	T Rowe Price US Treas Money Fund (800-638-5660)	5/82	—	8.7	167.1	47.6	1,000	0.80
3	Prime Government Money Fund (800-328-4891)	10/82	—	8.6	4.9	0.0	1,000	0.52
32	Prudential-Bache Govt Secs Tr-MM (800-528-6166)	1/82	—	8.8	215.5	9.1	1,000	0.64
1	Renaissance Assets Trust-Govt Port (313-259-2600)	7/82	—	8.9	22.4	8.2	1,000	0.55

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. NA: Not available.

1984 Fund Ratings

Portfolio average maturity (days)		Investment results: Date started	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest primarily in US government and federal agency obligations							
4	Reserve CPA-Government Portfolio (212-246-3550)	10/82	—	9.1%	$ 18.1	28.4%	$1,000	$0.66
9	The Reserve Fund-Government Portfolio (800-223-5547)	10/81	—	8.7	273.4	0.4	1,000	0.78
41	Scudder Government Money Fund (800-225-2470)	11/81	—	8.5	130.7	–7.4	1,000	0.98
39	Selected MM Fund-Gov Port (800-621-7321)	5/82	—	8.5	2.2	–59.3	1,000	1.02
23	Seligman Cash Mgmt-Govt Port (800-221-2450)	9/82	—	8.7	16.8	47.4	1,000	0.86
14	Shearson FMA Government Fund (800-221-3636)	2/82	—	8.9	195.5	192.7	none†	0.76
28	Shearson Govt and Agencies (212-577-5794)	10/80	—	8.8	927.7	2.1	5,000	0.61
57	Short Term Income Fund-US (212-370-1240)	11/82	—	8.7	158.2	368.1	5,000	0.89
10	Sigma Govt Securities Fund (800-441-9490)	9/80	—	8.7	8.7	190.0	500	0.80
35	SteinRoe Government Reserves (800-621-0320)	9/82	—	8.5	33.7	174.0	2,500	1.00
18	Strategic Treasury Positions (800-527-5027)	11/81	—	8.1	9.1	19.7	1,000	1.01
33	Tucker Anthony Govt Secs Fund (800-225-6258)	2/82	—	8.7	88.1	8.1	2,500	0.76
33	UMB Money Mkt Fund-Federal Port (800-821-5591)	11/82	—	9.1	89.6	52.4	1,000	0.50
47	U S Treasury Securities Fund (800-531-5777)	2/82	—	8.2	102.1	171.5	1,500	1.33
78	USAA Mutual Fund-Fed Secs MM (800-531-8181)	1/83	—	8.2	25.5	810.7	1,000	1.10
38	Vanguard Money Market Tr-Fed Port (800-523-7025)	7/81	—	9.0	420.7	18.1	1,000	0.59
35	Vantage Government Portfolio (800-221-3434)	10/82	—	8.8	39.3	566.1	20,000	0.69
	These funds invest primarily in obligations exempt from federal income tax							
67	Active Assets Tax-Free Trust (800-221-3778)	7/81	—	5.0	308.7	68.3	none†	0.79
60	Alliance Tax-Exempt Reserves (800-221-5672)	1/83	—	5.0	134.4	96.8	1,000	0.72
38	D L Babson Tax-Free Inc Fund-MM (800-821-5591)	2/81	—	4.7	2.9	–9.4	1,000	0.75
62	Benham Calif Tax Free Trust-Money Mkt (800-227-8380)	11/83	—	—*	43.4	—	1,000	1.00
98	Calvert Tax-Free Reserves-MM (800-368-2748)	4/81	—	5.4	165.6	31.4	2,000	0.86
20	Cardinal Tax Exempt Money Trust (614-464-7085)	9/83	—	—*	16.6	—	1,000	NA
40	Carnegie Tax Free Income Trust (800-321-2322)	8/82	—	4.7	60.1	20.0	5,000	0.94
50	Centennial Tax Exempt Trust (800-525-7048)	9/81	—	5.0	58.6	38.9	none†	0.75
55	CIGNA Tax-Exempt Cash Fund (800-225-5151)	10/82	—	4.5	10.4	13.0	5,000	0.95
66	CMA Tax-Exempt Fund (800-262-4636)	1/81	—	5.0	3,114.8	22.8	none†	0.46
56	Command Tax-Free Fund (800-222-4321)	2/82	—	4.8	165.5	41.9	none†	0.74
42	Current Int-Tax Free Portfolio (800-231-4645)	5/83	—	4.8	45.6	111.1	1,000	0.58
46	Daily Cash Tax Exempt Fund (800-525-7048)	1/81	—	4.8	108.3	44.6	5,000	0.89
73	Daily Tax Free Income Fund (212-370-1240)	11/82	—	5.4	491.1	129.4	5,000	0.90
56	DBL Tax-Free Cash Fund (212-480-4590)	4/83	—	5.0	140.8	265.7	1,000	0.42
67	Dean Witter/Sears Tax-Free Daily Inc (800-526-3143)	2/81	—	5.0	294.6	12.0	5,000	0.73
85	Delaware Tax-Free Money Fund (800-523-4640)	9/81	—	5.0	43.8	28.8	5,000	0.80
89	Dreyfus Tax Exempt MM Fund (800-645-6561)	8/80	—	5.1	1,738.3	15.0	5,000	0.59
73	Eaton Vance Tax-Free Reserves (800-225-6265)	12/82	—	4.9	24.7	63.6	1,000	0.44
55	Equitable Tax-Free Account (800-443-4430)	6/83	—	4.5	17.3	69.6	1,000	0.91
60	Federated Tax-Free Trust (800-245-4270)	3/79	—	5.0	3,121.2	0.7	25,000	0.45
37	Fidelity Mass Tax-Free–Money Mkt (800-225-6190)	11/83	—	—*	61.9	—	2,500	NA
42	Fidelity Tax-Exempt MM Tr (800-225-6190)	1/80	—	5.2	2,368.4	22.2	10,000	0.37
73	First Investors Tax Exempt MM Fund (212-825-7900)	6/83	—	5.5	25.0	1,090.5	1,000	0.09

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial services account which has a minimum initial investment. NA: Not available.

Portfolio average maturity (days)		Investment results Latest 12 months Date started	total return	return from income dividends	Total assets 6/30/84 (millions)	% change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest primarily in obligations exempt from federal income tax							
39	Franklin Tax-Exempt Money Fund (800-632-2350)	2/82	—	4.9%	$62.4	–0.6%	$ 500	$0.80
58	Fund for Tax-Free Investors-MM (202-861-1800)	9/83	—	—*	17.2	—	2,500	0.18
84	GIT Tax Free Tr. Tax-Free MM (800-336-3063)	12/82	—	5.0	15.5	74.2	2,000	0.65
76	IDS Tax-Free Money Fund (800-328-8300)	8/80	—	5.0	65.7	6.7	2,000	0.66
50	Lehman Tax-Free Money Market Fund (800-221-5350)	10/82	—	5.0	263.0	157.3	2,500	0.55
96	Lexington Tax Free Money Fund (800-526-4791)	10/77	—	5.3	57.1	12.4	1,000	0.83
51	MFS Muni Working Capital Tr (800-343-2829)	3/80	—	4.9	12.4	49.4	1,000	0.50
82	Midwest Gp Tax Free Tr-MM Port (800-543-8721)	9/81	—	5.2	33.4	53.9	2,500	1.05
86	Municipal Cash Reserve Mgmt (212-742-6003)	5/81	—	5.2	862.6	24.7	10,000	0.52
59	NEL Tax Exempt MM Trust (800-225-7670)	4/83	—	5.4	21.5	211.6	1,000	0.02
54	Nuveen Tax-Exempt MM Fund (800-621-2431)	4/81	—	5.2	1,388.8	53.4	25,000	0.43
48	Nuveen Tax-Free Reserves (800-621-7210)	11/82	—	4.8	81.6	53.4	1,000	0.75
52	Paine Webber RMA Tax-Free Fund (800-762-1000)	10/82	—	4.7	276.1	149.2	none†	0.60
51	Parkway Tax-Free Reserves Fund (800-441-7786)	3/81	—	4.6	31.4	6.1	1,000	1.00
89	T Rowe Price Tax-Exempt Money Fund (800-638-5660)	4/81	—	5.3	786.6	23.6	1,000	0.63
60	Prudential-Bache Tax-Free Money (800-528-6166)	8/79	—	4.7	146.4	–0.3	2,500	0.91
63	Reserve NY Tax-Exempt Tr–NY Port (800-223-5547)	11/83	—	—*	13.4	—	1,000	0.95
60	Reserve Tax Exempt Tr–Interstate Port (800-223-5547)	11/83	—	—*	41.1	—	1,000	NA
52	L F Rothschild Exempt Fund (212-425-3300)	11/83	—	—*	35.0	—	2,500	NA
53	Scudder Tax-Free Money Fund (800-225-2470)	1/80	—	4.7	217.9	45.7	1,000	0.75
75	Shearson Daily Tax-Free Divid (212-577-5794)	10/82	—	4.9	198.5	150.6	5,000	0.69
80	Shearson FMA Municipal Fund (800-221-3636)	3/82	—	5.0	202.6	54.2	none†	0.74
47	SeinRoc Tax-Exempt Money Fund (800-621-0320)	3/83	—	5.0	141.4	114.9	2,500	0.92
54	Tax-Exempt Money Market Fund (800-621-1048)	7/82	—	5.0	282.5	93.8	1,000	0.72
52	Tax-Free Accounts (800-621-1256)	12/83	—	—*	119.3	—	25,000	NA
48	Tax Free Cash Res-General Ser (301-825-8600)	3/83	—	4.8	42.5	34.1	10,000	0.53
61	Tax-Free Instruments Trust (800-245-5048)	12/82	—	5.2	570.4	70[illegible].1	1,000	0.51
33	The Tax Free Money Fund (800-223-7078)	4/81	—	4.9	290.4	28.7	5,000	0.57
87	Tucker Anthony Tax Exempt Money Fund (800-225-6258)	12/82	—	4.6	38.5	22.6	2,500	0.65
72	USAA Tax-Exempt Money Market Fund (800-531-8181)	2/84	—	—*	15.4	—	10,000	1.16
81	Vanguard Muni Bond-Money Market (800-523-7025)	5/80	—	5.2	395.0	40.1	3,000	0.46
391	Vanguard Muni Bond-Short Term (800-523-7025)	9/77	—	9.0	346.2	5.8	3,000	0.46
	These funds invest in various types of money market instruments							
43	Active Assets Money Trust (800-221-3778)	7/81	—	9.0	1,440.1	13.2	none†	0.59
33	Alliance Capital Reserves[35] (800-221-5672)	7/78	—	8.8	815.7	–5.5	1,000	0.92
15	American Capital Reserve Fund (800-231-3638)	7/74	—	9.2	392.8	50.6	1,000	0.85
31	American National Money Market Fund (800-231-4639)	12/81	—	8.9	12.7	–18.6	2,000	0.77
36	Automated Cash Management Trust (800-245-4270)	5/82	—	9.3	501.9	598.1	100,000	0.50
18	Axe-Houghton Money Market Fund (914-631-8135)	9/81	—	8.5	17.4	–49.3	1,000	1.50
29	D L Babson MM Fund-Prime (800-821-5591)	3/80	—	9.0	59.0	–16.2	1,000	0.75
25	Birr, Wilson Money Fund (800-227-4398)	3/81	—	8.7	54.0	–27.2	1,000	1.10
19	BLC Cash Management Fund (800-247-4123)	2/83	—	8.7	24.7	216.7	1,000	1.10

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. NA: Not available. [35]Formerly American General Reserve Fund.

1984 Fund Ratings

Portfolio average maturity (days)		Date started	Investment results Latest 12 months total return	return from income dividends	Total assets 6/30/84 ($millions)	Total assets % change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest in various types of money market instruments							
31	Boston Co Cash Mgmt Fund (800-343-6324)	8/79	—	9.1%	$229.0	−14.7%	$1,000	$0.84
30	Alex Brown Cash Res Fund-Pr Ser (301-321-4444)	8/81	—	9.1	602.3	5.3	1,500	0.57
8	RC Brown Money Market Fund (415-981-4050)	6/82	—	8.6	19.2	27.2	100	1.00
19	Bull & Bear Dollar Reserves[34] (800-431-6060)	6/80	—	8.8	107.6	4.4	1,000	1.17
17	Calvert Cash Res-Prime Portfolio (800-368-2748)	11/82	—	8.9	10.8	−12.2	2,000	0.43
21	Calvert Social Invest Fund–MM (800-368-2748)	11/82	—	9.2	25.2	62.6	1,000	0.41
21	CAM Fund (800-423-2345)	10/81	—	7.8	20.7	75.4	none	1.66
14	Capital Cash Management Trust (212-697-6666)	7/74	—	9.2	116.0	−14.1	1,000	0.68
27	Cash Equiv Fund-MM Portfolio (312-781-1121)	3/79	—	9.2	3,906.4	−5.1	1,000	0.71
15	Cash Mgt Trust of America (800-421-9900)	11/76	—	9.4	676.0	26.2	5,000	0.53
44	Cash Reserve Management (212-742-6003)	1/77	—	9.4	4,248.1	−11.2	10,000	0.48
23	Centennial Money Market Trust (800-525-7048)	11/81	—	8.8	181.6	25.5	none†	1.11
20	Cigna Cash Fund (800-225-5151)	10/82	—	9.0	28.4	25.1	5,000	0.70
33	CIGNA Money Market Fund (800-225-5151)	1/75	—	9.4	249.7	−3.3	500	0.49
54	CMA Money Fund (800-221-4146)	9/77	—	9.1	13,107.0	10.1	none†	0.46
23	Colonial Money Market Trust (617-426-3750)	1/81	—	8.8	12.9	22.9	3,000	1.09
27	Columbia Daily Income Co (800-547-1037)	11/74	—	8.8	459.8	1.9	1,000	0.79
28	Command Money Fund (800-222-4321)	2/82	—	9.2	797.9	80.6	none†	0.64
30	Composite Cash Management (800-541-0830)	11/79	—	8.8	150.3	−10.1	1,000	0.97
25	Connecticut Mutual Liquid Acct (800-243-0064)	3/82	—	8.8	63.8	28.1	1,000	1.00
21	Country Capital MM Fund (800-322-3838)	10/81	—	8.7	21.8	−1.4	1,000	1.08
41	Current Interest-MM Portfolio (800-231-4645)	6/74	—	8.6	756.6	−34.7	1,000	0.93
23	Daily Cash Accumulation (800-525-7048)	7/78	—	9.0	2,895.4	−12.1	500	0.76
39	Daily Dollar Reserves (212-370-1240)	6/83	—	9.1	100.8	289.2	5,000	0.86
38	Daily Income Fund (212-370-1240)	7/74	—	9.0	468.3	−5.7	5,000	0.77
46	Daiwa Money Fund (800-645-6561)	12/81	—	8.9	23.3	−23.4	2,500	0.97
41	DBL Cash Fund-MM Portfolio (212-480-4155)	2/81	—	9.2	931.5	2.6	1,000	0.69
42	Dean Witter/Sears Liq Asset Fund (800-526-3143)	9/75	—	9.1	5,503.4	−9.2	5,000	0.52
29	Delaware Cash Reserve (800-523-4640)	6/78	—	9.1	1,434.5	3.9	1,000	0.88
34	Dreyfus Dollar International Fund (800-645-6561)	8/83	—	—*	1,423.9	—	5,000	NA
57	Dreyfus Liquid Assets (800-645-6561)	1/74	—	9.1	7,798.6	−3.0	2,500	0.68
62	Dreyfus MM Instru MM-Series (800-645-6561)	4/75	—	9.2	831.5	−26.9	50,000	0.57
24	Eaton Vance Cash Mgmt Fund (800-225-6265)	1/75	—	9.0	190.2	6.4	1,000	0.79
37	EGT Money Market Trust (412-288-1561)	4/81	—	8.6	76.9	−16.8	1,000	1.13
34	Equitable Money Market Account (800-443-4430)	10/80	—	8.9	256.8	−7.7	1,000	0.95
37	Fahnestock Daily Income Fund (800-221-2990)	6/81	—	9.0	120.5	−12.4	1,000	0.80
21	FBL Money Market Fund (800-247-4170)	3/81	—	8.6	33.0	−14.3	500	1.24
32	Fidelity Cash Reserves (800-225-6190)	5/79	—	9.1	4,065.0	22.5	1,000	0.87
33	Fidelity Daily Income Trust (800-225-6190)	5/74	—	9.3	2,680.5	1.9	10,000	0.56
31	Fidelity MM Tr Domestic (800-225-6190)	5/79	—	9.4	1,359.6	−11.8	250,000	0.42
24	Financial Daily Income Shares (800-525-9831)	3/76	—	9.4	248.7	26.4	1,000	0.56
28	First American Money Fund (800-328-6020)	4/82	—	9.4	54.9	46.0	1,000	NA
21	First Investors Cash Mgmt Fund (800-221-3790)	10/78	—	9.0	357.6	−5.3	1,000	0.95
20	First Trust MMF-General Purpose Port (800-261-4770)	1/83	—	9.1	7.0	6,900.0	none	0.56
17	Founders Money Market Fund (800-525-2440)	7/81	—	9.0	61.7	269.5	1,000	0.80

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. NA: Not available. [34]Formerly Dollar Reserves.

1984 Fund Ratings

Portfolio average maturity (days)		Investment results: Date started	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 (millions)	Total assets: % change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest in various types of money market instruments							
28	Franklin Money Fund (800-632-2350)	1/76	—	8.8%	$ 925.6	16.1%	$ 500	$1.00
71	General Money Market Fund (800-223-5682)	2/82	—	8.9	213.0	12.7	2,500	1.04
17	GIT Cash Trust-Regular MM Fund (800-336-3063)	12/82	—	5.0	6.5	–39.8	1,000	1.22
238	Gradison Cash Reserves Trust (800-543-1818)	5/76	—	8.9	415.7	–8.8	1,000	0.82
30	The Guardian Cash Management Tr (800-221-3253)	9/82	—	8.9	11.5	85.5	1,000	0.38
23	John Hancock Cash Management Tr (617-421-4506)	10/79	—	8.7	385.6	–12.6	1,000	1.00
12	Home Life Money Management Fund (800-221-5733)	5/82	—	8.9	7.5	–25.0	1,000	NA
25	Wayne Hummer Money Fund Tr-MM (800-621-4477)	4/82	—	8.8	57.0	0.4	1,000	1.00
34	Hutton AMA Cash Fund (800-334-4636)	3/82	—	9.3	896.2	415.7	none†	0.64
42	Hutton Investment-Short Term Invest (212-742-6372)	1/82	—	8.2	127.3	91.7	500	2.14
43	IDS Cash Management Fund (800-328-8300)	10/75	—	9.1	937.3	3.9	2,000	0.68
14	Investment Portfolios-Money Mkt Port (312-781-1121)	2/84	—	—*	8.9	—	300	NA
38	E D Jones & Co Daily Passport Cash Tr (314-851-2000)	5/80	—	8.8	518.6	–4.4	1,000	1.03
24	Kemper Money Market Fund (800-621-1048)	11/74	—	9.5	4,072.6	18.6	1,000	0.53
23	Keystone Liquid Trust (800-225-2618)	7/75	—	8.8	313.3	30.8	1,000	1.00
35	Kidder Peabody Premium Account (212-510-5028)	5/82	—	9.1	251.8	107.6	none†	0.70
39	Legg Mason Cash Reserve Trust (412-288-1900)	10/78	—	8.7	187.7	–11.9	5,000	1.07
22	Lehman Cash Management Fund (212-558-3288)	1/81	—	9.3	899.6	36.3	2,500	0.71
54	Lexington Money Market Trust (800-526-4791)	7/78	—	9.1	228.6	–3.3	1,000	0.87
20	Liberty Cash Management Fund (800-221-2450)	9/82	—	8.7	27.9	121.4	1,000	1.09
16	Liquid Capital Income Trust (800-321-2321)	11/74	—	9.1	1,295.2	–8.0	1,000	0.68
31	Liquid Green Trust (800-862-7283)	11/80	—	9.4	156.9	28.3	1,000	0.94
30	Lord Abbett Cash Reserve Fund (212-425-8720)	7/79	—	8.9	216.6	–5.0	1,000	0.89
25	Managed Cash Account Trust (800-343-2829)	1/82	—	8.9	36.1	18.4	1,000	1.00
24	Mass Cash Mgmt Tr-Prime Series (800-343-2829)	12/75	—	9.2	757.7	5.1	1,000	0.71
27	MassMutual Liquid Assets Tr (800-343-1714)	8/82	—	9.0	29.0	52.6	1,000	0.90
37	McDonald Money Market Fund (212-715-6213)	5/81	—	8.7	141.4	0.1	500	0.79
38	Merrill Lynch Institutional Fund (800-225-1576)	12/74	—	9.3	935.1	–10.3	25,000	0.50
56	Merrill Lynch Ready Assets Trust (800-221-2939)	2/75	—	9.0	11,078.6	–20.1	5,000	0.53
39	Merrill Lynch Retire Res Money Fund (800-221-7210)	4/82	—	8.8	1,243.0	13.8	none	1.02
23	Midwest Income Tr-Cash Mgmt Fund (800-543-8721)	1/82	—	8.9	48.1	13.7	1,000	0.94
23	Money Market Instruments Trust (412-288-1450)	3/82	—	8.6	183.9	25.0	1,000	1.11
36	Money Market Management (800-243-2423)	1/74	—	8.8	260.4	–11.0	1,000	0.94
16	Money Shares (800-221-5757)	1/78	—	7.9	15.5	50.5	1,000	1.47
27	MoneyMart Assets (800-221-7984)	6/76	—	9.4	2,877.5	9.6	1,000	0.46
40	Morgan Keegan Daily Cash Trust (412-288-1900)	12/80	—	8.6	60.4	–4.6	5,000	1.19
31	Mutual of Omaha Cash Res Fund (402-397-8555)	3/81	—	8.8	51.8	150.2	1,000	1.25
34	Mutual of Omaha MM Account (402-397-8555)	7/79	—	9.0	273.9	–12.4	1,000	0.83
48	National Cash Reserves (800-223-7757)	4/82	—	8.9	45.4	46.5	1,000	0.91
48	National Liquid Reserves-Cash Port (800-223-7078)	8/74	—	9.1	1,366.5	–11.1	1,000	0.64
34	Nationwide Money Market Fund (800-848-0920)	3/80	—	9.1	418.3	5.9	1,000	0.78
29	NEL Cash Mgmt Tr-MM Series (800-225-7670)	7/78	—	9.2	732.3	6.4	1,000	0.58
35	Newton Fund-Money Fund (800-247-7039)	10/81	—	8.9	13.9	25.2	1,000	1.04
27	Oppenheimer Money Market Fund (800-525-7048)	4/74	—	9.3	1,412.0	32.6	1,000	0.71
28	Oxford Cash Management Fund (212-896-9052)	2/83	—	9.2	100.5	1.0	1,000	0.65

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. NA: Not available.

Portfolio average maturity (days)		Investment results: Date started	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/84 ($millions)	Total assets: % change '84 vs '83	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.8%				
	FORBES stock fund composite			3.0%				
	FORBES balanced fund composite			8.3%				
	FORBES bond and preferred stock fund composite			12.6%				
	Money market funds†							
	These funds invest in various types of money market instruments							
16	Pacific Horizon Funds-Money Mkt Port (800-645-3515)	3/84	—	—*	$110.2	—	$1,000	$0.73
37	Paine Webber CASHFUND (212-437-5306)	5/78	—	9.1%	4,055.8	-7.5%	5,000	0.56
38	Paine Webber RMA Money Fund (800-762-1000)	10/82	—	9.0	774.3	248.0	none†	0.75
29	Parkway Cash Fund (800-441-7786)	11/79	—	8.9	348.0	-21.4	1,000	0.83
32	Phoenix Money Market Fund Series(800-243-1574)	7/80	—	9.0	46.4	18.7	1,000	0.82
23	Plimoney Fund (800-441-9151)	2/80	—	8.7	34.8	-23.0	1,000	1.03
33	T Rowe Price Prime Reserve Fund (800-638-5660)	3/76	—	9.3	2,934.6	16.0	1,000	0.63
25	Prime Cash Fund (212-986-6334)	4/83	—	9.3	135.4	42.7	1,000	NA
35	Putnam Daily Dividend Trust (800-225-1581)	9/76	--	8.9	275.5	-8.4	1,000	0.85
1	Renaissance Assets Tr-MM Port (313-259-2600)	7/82	—	9.2	54.3	36.8	1,000	0.55
1	Reserve CPA-Primary Portfolio (800-223-2213)	6/83	—	9.3	10.0	0.0	1,000	0.66
36	The Reserve Fund-Primary Port (800-223-5547)	11/71	—	8.9	1,702.2	-15.3	1,000	0.75
31	L F Rothschild Earnings & Liquidity (212-425-3300)	4/82	—	9.1	313.5	-13.0	2,500	0.74
15	RPF of America–Money Market Fund (505-983-4355)	9/76	—	8.8	8.6	-63.1	1,000	0.75
26	SAFECO Money Market Mutual Fund (800-426-6730)	4/82	—	9.3	33.7	103.0	1,000	0.73
12	St Paul Money Fund (800-328-1064)	11/79	—	8.9	88.0	-9.3	1,000	0.88
9	Santa Fe Cash Reserves (505-983-4335)	2/82	—	8.2	6.9	30.2	1,000	1.69
28	Scudder Cash Investment Trust (800-225-2470)	7/76	—	8.8	990.1	10.4	1,000	0.72
20	Security Cash Fund (800-255-3509)	10/80	—	8.9	70.4	23.5	1,000	1.00
24	Selected MM Fund-Gen Port (800-621-7321)	10/77	—	8.4	26.7	-27.1	1,000	1.13
20	Seligman Cash Mgmt Fund-Prime Port (800-221-2450)	1/77	—	8.8	435.3	6.6	1,000	0.94
33	Sentinel Cash Management Fund (802-229-3154)	10/81	—	8.9	35.0	18.6	1,000	0.75
23	Sentry Cash Management Fund (800-826-0266)	6/81	—	8.8	29.9	-9.4	1,000	0.87
12	Shearson Daily Dividend (212-577-5794)	6/79	—	9.2	3,593.0	-17.1	5,000	0.68
14	Shearson FMA Government Fund (800-221-3636)	2/82	—	9.2	655.1	45.3	none†	0.75
33	Short Term Income Fund-MM Port (212-370-1240)	1/80	—	9.0	253.7	27.2	5,000	0.78
16	Short-Term Yield Securities (713-626-1919)	5/78	—	8.6	17.1	-23.0	1,250	1.10
13	Sigma Money Fund (800-441-9490)	9/80	—	8.8	14.9	77.4	500	1.00
30	Standby Reserve Fund (212-483-0700)	11/81	—	9.1	220.5	7.7	2,000	0.76
15	State Bond Cash Mgmt Fund (800-533-3604)	2/82	—	8.6	3.6	-12.2	1,000	1.00
30	SteinRoe Cash Reserves (800-621-0320)	10/76	—	9.1	935.4	30.9	2,500	0.70
47	Summit Cash Reserves Fund (800-221-7210)	12/82	—	9.1	416.3	-13.0	5,000	0.77
33	SUTRO Money Market Fund (415-445-8500)	2/82	—	8.6	91.5	-9.0	5,000	1.08
25	Transamerica Cash Reserve (800-343-6840)	8/80	—	9.5	372.0	39.9	500	0.49
15	Trinity Liquid Assets Trust (212-986-3303)	1/83	—	9.3	274.4	85.7	1,000	0.60
39	Trust for Cash Reserves (800-245-5048)	2/80	—	8.7	146.3	-11.5	1,000	1.08
34	Tucker Anthony Cash Mgmt Fund (800-225-6258)	4/81	—	9.0	333.6	-0.4	2,500	0.83
26	UMB Money Mkt Fund-Prime Port (800-821-5591)	11/82	--	9.0	48.1	NM	1,000	0.50
41	United Cash Management (316-283-4000)	8/79	—	8.9	344.8	-0.7	1,000	1.06
35	USAA Mutual Fund-MM Fund (800-531-8181)	2/81	—	9.1	226.9	99.6	1,000	0.97
24	The Value Line Cash Fund (800-847-4143)	4/79	—	9.2	538.0	14.7	1,000	0.83
21	Vanguard MM Tr-Insured Portfolio (800-523-7025)	2/83	—	8.8	30.6	197.1	1,000	0.97
34	Vanguard MM Tr-Prime Portfolio (800-523-7025)	6/75	—	9.3	1,318.5	41.0	1,000	0.59
35	Vantage Cash Portfolio (800-221-3434)	10/82	—	9.1	163.8	313.6	20,000	0.68
36	Webster Cash Reserve (212-510-5028)	8/79	—	9.1	1,129.9	-1.9	1,500	0.66

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. NA: Not available. NM: Not meaningful.

Performance data supplied by Computer Directions Advisors, Inc., Silver Spring, Md.

You don't have to be bearish on stocks to conclude that it's time to get them out of your IRA or Keogh account.

How to pull a Chrysler

By William Baldwin

GERALD GREENWALD, vice chairman and chief financial wizard of Chrysler Corp., has unloaded the $450 million of stocks in the company pension fund in order to buy bonds. He must be onto something. Does this mean individual investors should think about dumping stocks in their individual retirement accounts in favor of bonds?

They should certainly consider it, but not for the obvious reason.

It seems, at first blush, to be a simple matter of being more bullish on bonds than on stocks. Inflation is low, and yields on long-term debt are a tempting 13% and up. Can stocks possibly beat that? Plenty of corporate pension managers seem to be saying "no" by locking in high yields on bonds.

But to see this process as a simple sell signal for stocks is to miss the big picture. Let's take a closer look at what the corporations are up to.

"There's a switch from stocks to bonds in pension accounts. But that's not bearish for stocks, because corporations are buying stocks themselves. It's a question of where the equity is owned," says Robert Salomon Jr., a managing director at Salomon Brothers. The stock-buying binge he refers to includes outright takeovers as well as the minority 5% and 20% positions companies take in other companies merely for investment. It also includes corporations' buying in their own shares, at an annual rate Salomon estimates at $30 billion.

When the equity buying is debt-financed, as it often is, it has a tax advantage: Interest on the debt is deductible. This process of issuing debt and buying in equity has a disadvantage, though. The leverage increases the risk level of the corporation. The companies are, in effect, buying on margin. But there is a cure for that. The corporation can load up on bonds in its tax-sheltered pension fund.

What is left from all this asset shuffling? The corporation has issued debt at the corporate level, on which it deducts the interest. Meanwhile it owns comparable debt instruments in its pension fund, on which the interest is tax-exempt. It may hold a bit less in stocks in its pension fund than it would otherwise. Yet it may own a new wad of equities in its corporate account, or have shrunk its own equity base by buying in shares.

Rarely do corporate treasurers make these exchanges by overt design, yet this is the undeniable process at work in the capital markets. Over the past several decades corporate balance sheets have seemingly deteriorated, yet corporations have amassed large pension funds. Du Pont leveraged itself with $3.9 billion of debt to buy the equity in Conoco, but it has $2.6 billion more than is legally required in its pension fund. This year Chrysler's pension fund sold equities and bought debt securities. Chrysler Corp. sold debt (through a finance subsidiary) and bought equity (by buying in some of its own preferred and some stock warrants). The net effect, even though, of course, not precisely the same securities are involved—and even though Chrysler doesn't interpret its actions in this holistic fashion—is a rearrangement of the overall corporate portfolio so that tax benefits are maximized.

What does Salomon read in all this? He says it's not bearish for the stock market, just for the tax collector. Emulating a corporation, he owns stock directly, so long-term gains are taxed at low rates, but makes fixed-income investments through his IRA and tax-sheltered thrift plan.

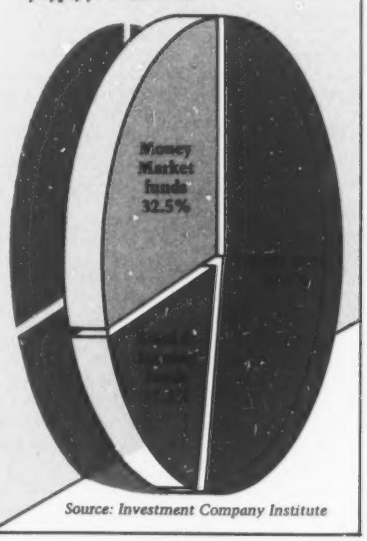
Look at Jeremy Bulow, an associate professor of economics at Stanford. He owns stocks in his taxable account. His IRA and Keogh money is all in money markets and a Vanguard high-yield bond fund. "A junk bond is a fantastic pension fund investment," he says, since it throws off lots of painfully taxable interest income, coupled with occasional capital losses from defaulted bonds, which aren't always useful as deductions. A crummy investment, in other words, if taxable, but all the merrier if sheltered.

Individuals might do well to look on their personal leverage the way Salomon looks on corporate leverage, with pension money consolidated. An investor might be comfortable with a high mortgage (interest deductible) if he has a fat Keogh that owns bonds of comparable maturity (interest-exempt). That is a nice tax-minimizing arbitrage worthy of a corporation. Anyone who owns fixed-income investments directly, but owns equities or an equity mutual fund in a tax-sheltered account, should consider pulling a Chrysler. Sell bonds and buy stocks in the regular account. Buy bonds and sell stocks in the IRA. ■

Taking stock

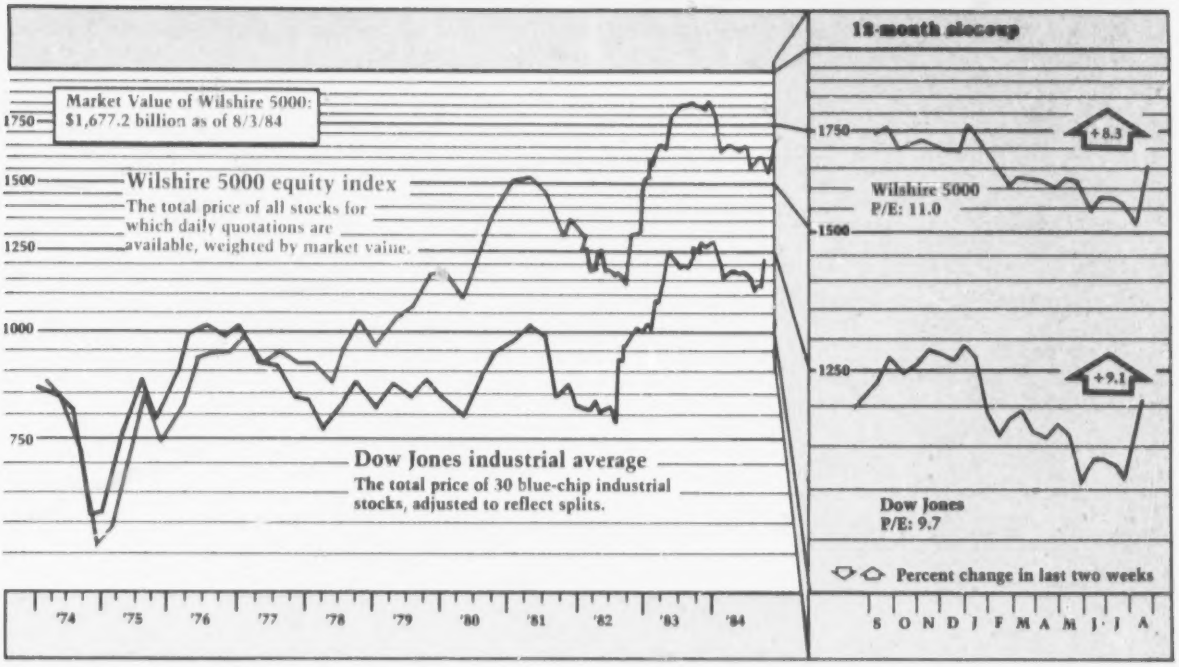
Although bank and thrift accounts are still the main vehicle for IRA savings, mutual funds are capturing an increasing share of the business, with half the mutual fund IRAs going into stocks. But for most investors an IRA is a poor location for a stock portfolio.

Mutual fund IRA assets by type, year-end 1983



Source: Investment Company Institute

The Forbes/Wilshire 5000 Review



The magic is back! Wall Street broke out of its losing streak with a vengeance. The extent and breadth of the rally, and the record volume levels, quickly put to rest any thoughts that the market was just enjoying a few lucky days. But while most investors were raving about the 8.3% two-week gain in the more-than-5,000-stock Wilshire index, short sellers were moaning. That sparked a round of panic buying, as they rushed to cover their positions. Then cash-rich institutions joined the fray, fearful of missing the big move.

The result: The market capitalization of the Wilshire index was up by more than $77 billion for the two-week period. The Dow industrials scored the biggest advance, up 9.1%. Both the NYSE and the Forbes 500 added more than 8%. But secondary shares also racked up big numbers. The Amex gained 6.7%, the NASDAQ, 7.4%.

How much higher will the market averages go? By some calculations, there is lots of upside potential. The Forbes 500 (sales) now trades at only 6.5 times 1985 earnings estimates. The current P/E on the Wilshire index is only 11, well below the recent high of 14.9 posted at the end of June 1983. But before multiples expand as they did after the rally that began in the summer of 1982, investors may want to see clear signs of declining interest rates.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.0	6.7	7.1	6.1	3.4	4.0
in last 52 weeks	–3.6	1.0	1.6	–0.4	–11.9	–18.0

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.8	0.9	2.8	3.4	0.5	3.9	3.0	0.1	–0.2	3.7	4.9	–2.4
in last 52 weeks	–1.9	–14.4	–18.3	4.6	–22.8	–4.6	2.7	–13.2	–18.1	5.1	1.5	–21.1

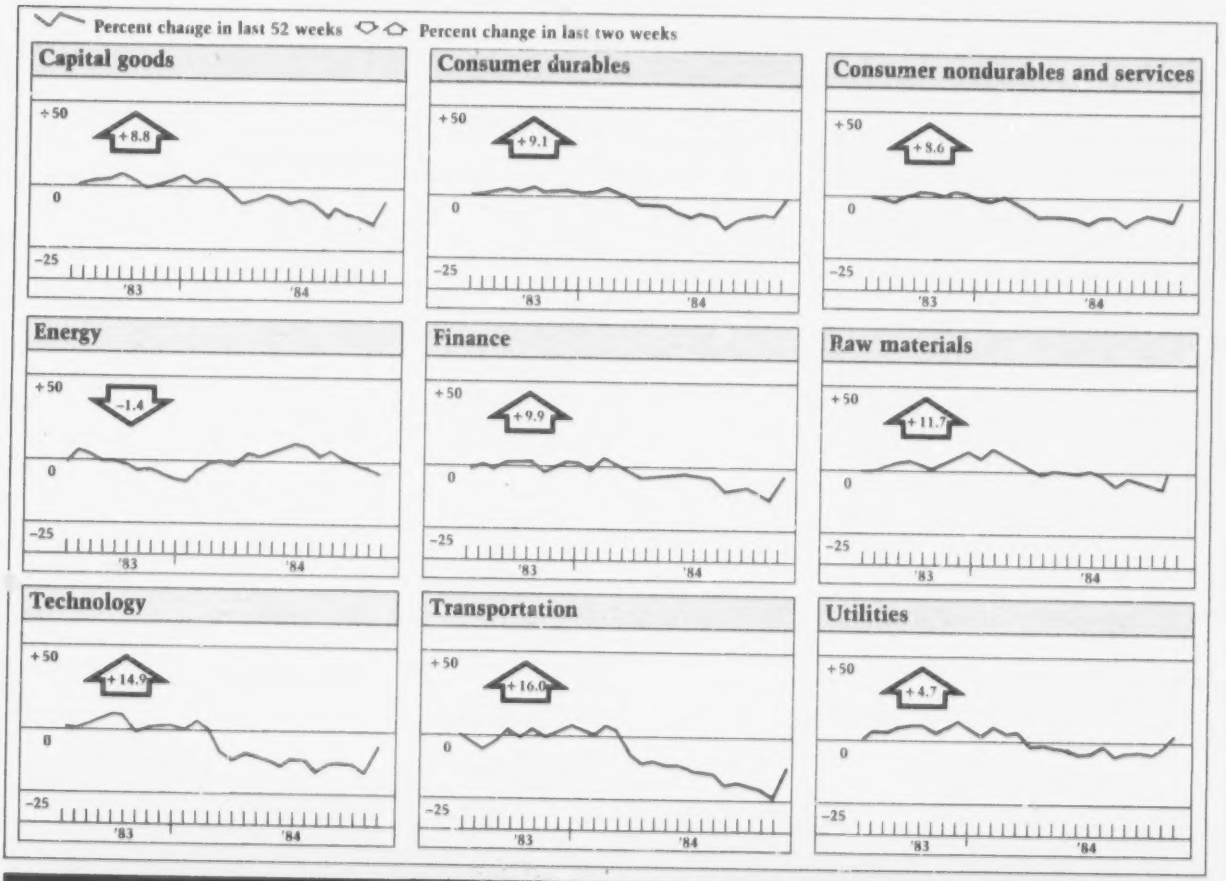
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/3/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Shelley Dell

Where The Action Is

All this and volume too! In the most recent two-week period, eight of the nine Wilshire sectors scored impressive gains. The transportation group ranked first, with a 16% jump. Technology, a group that has performed poorly over the past 12 months, was second, with an increase of 14.9%. One reason for this dramatic turnaround: the price rebound of IBM, which was up almost 14 points. The raw materials sector, with an 11.7% advance, was the third-best performing group. And the struggling utilities group merit honorable mention, with a 4.7% gain. There was only one real loser in the pack: the energy stocks, which fell 1.4%.



What The Analysts Think

Falling estimates in a rising market. While investors were on a wild buying spree, security analysts were busy cutting back their 1984 earnings estimates for eight of the nine Wilshire sectors. In just two weeks the analysts reduced their estimates 2% or more for four sectors: technology, energy, raw materials and finance.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.88	10.7
1984 estimates	3.95	8.2
1985 estimates	4.74	6.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Utilities	$2.93	0.16%	0.12%
2	Capital goods	2.40	-0.15	-1.94
3	Transportation	2.61	-0.80	-3.00
4	Consumer durables	3.28	-0.85	-1.63
5	Consumer non-durables	2.64	-1.04	-1.66
6	Technology	2.04	-2.08	-2.57
7	Energy	2.67	-2.47	-2.78
8	Raw materials	3.28	-2.77	-3.37
9	Finance	3.53	-3.05	-3.51

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 8/3/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Shelley Dell

Why should the belly price structure have such a bearish cast? It shouldn't, and therein lies a potential profit.

HOG TIDE EBBS

By Stanley W. Angrist

Hog producers have been sustaining losses since late 1982, with only one or two isolated profitable months. Lack of profitability has caused producers to liquidate their herds, resulting in numbers lower than those of a year ago. The December 1983 hog report showed the breeding herd to be 1% smaller than that of the year before. In March the USDA report indicated that the ten-state breeding herd inventory was down 10% year to year, and in advance of the most recent report—for June– most trade analysts had projected even further declines. The report, however, disappointed bulls when breeding hogs were shown to be only 9% lower than in 1983.

The parts of the report important to us are given in the table. In addition to the 9% drop of hogs kept for breeding, the number of hogs and pigs in inventory on June 1 and the number available for market also declined 9%. The trade was expecting a bigger drop.

The next item of interest is the number of market hogs and pigs by weight group; in the under-60-pound group there are only 87% as many animals as there were last year. (These are the hogs that will be coming to market next year.) While this number could be expanded, it should be kept in mind that hog farmers won't increase their herds until the feed costs for the coming year are assured. And that won't happen until November, when the 1984 corn crop will be in the bin. Given that nature dictates a ten-month lag from breeding to slaughter, it also seems unlikely that hog supplies can increase before July 1985.

The report also shows that the number of hogs bred in the March-to-May period was only 88% of those bred in 1983. Also of interest is the claim of hog farmers that they will breed 9% fewer animals in the June-to-November period than they did in the same period of 1983.

The numbers contained in this report can be used to build a low-risk trade, according to Gerard Miller, a Chicago-based commodity trader. Miller points out that the supply of 1985 bellies will be extremely tight. According to the contract's specifications, bellies produced in 1984 are not deliverable against any 1985 contract. Moreover, with the breeding herd and breeding intentions down, an early expansion of the belly supply is extremely unlikely. In part, the market for 1985 belly contracts reflects this potential scarcity, as they are trading at about a 10-cent premium to the 1984 contracts. However, the market price structure month to month anticipates no shortage of bellies, as the later months are trading at about 50% of full carrying charges.

The two trades of interest are long March/short July bellies, with July at a premium of at least 2.5 cents. Another trade to consider would be to go long May/short July with the latter at least 1.4 cents over May. From the entry point, I would risk no more than 1.5 cents ($570 per spread) for the first spread and 1 cent ($380) for the second spread. In the event that interest rates continue to rise, the cost of carry would also rise, which could tend to widen the spread. The market is thin, and limit orders must be used to take up positions. Historically, these spreads could be classified as relatively low risk. The March/July spread has exceeded 4 cents only once in the last 12 years. However, prudent traders should keep in mind that bellies are volatile and spreads in them can get out of line very quickly.

In terms of profits, I would look for the spreads to go to even money, which would yield a $950 profit on the March/July spread or a $532 profit in the May/July case. The margin on these spreads is about $700, while the round-turn commission is $100. ■

Buy the numbers

Below, the number of hogs and pigs in inventory and farrowed for the current year and the preceding two years, as given in the USDA June hogs and pigs report. Hog farmers clearly are not expansion-minded, nor are they likely to be until this year's corn crop is safely in the bin.

Inventory numbers June 1	1982	1983	1984	1984 as a % of 1982	1984 as a % of 1983
	(millions)				
All hogs and pigs	52.2	57.5	52.0	100%	91%
Kept for breeding	7.4	8.1	7.3	99	91
Available for market	44.8	49.4	44.7	100	91
Sows farrowing					
March to May	3.0	3.5	3.1	102	88
June to November	5.8	6.1	5.6	97	91

*Farmers' intentions expressed this spring.

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

SEPTEMBER 10, 1984 THREE DOLLARS

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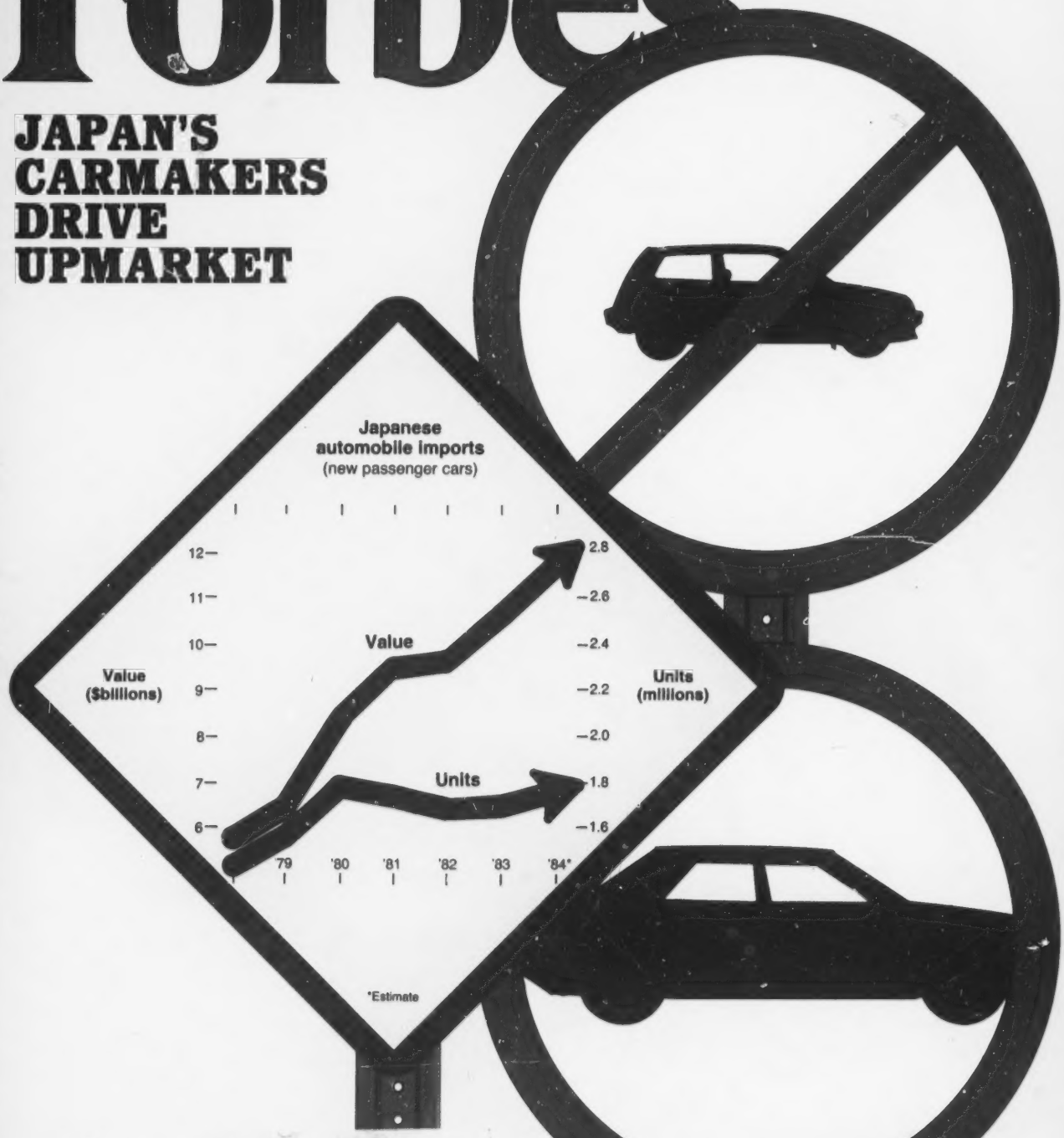
Forbes

JAPAN'S CARMAKERS DRIVE UPMARKET



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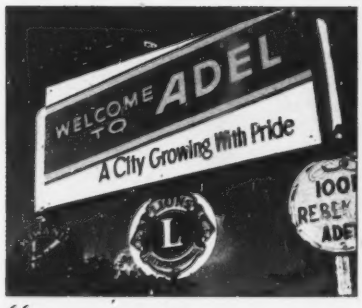

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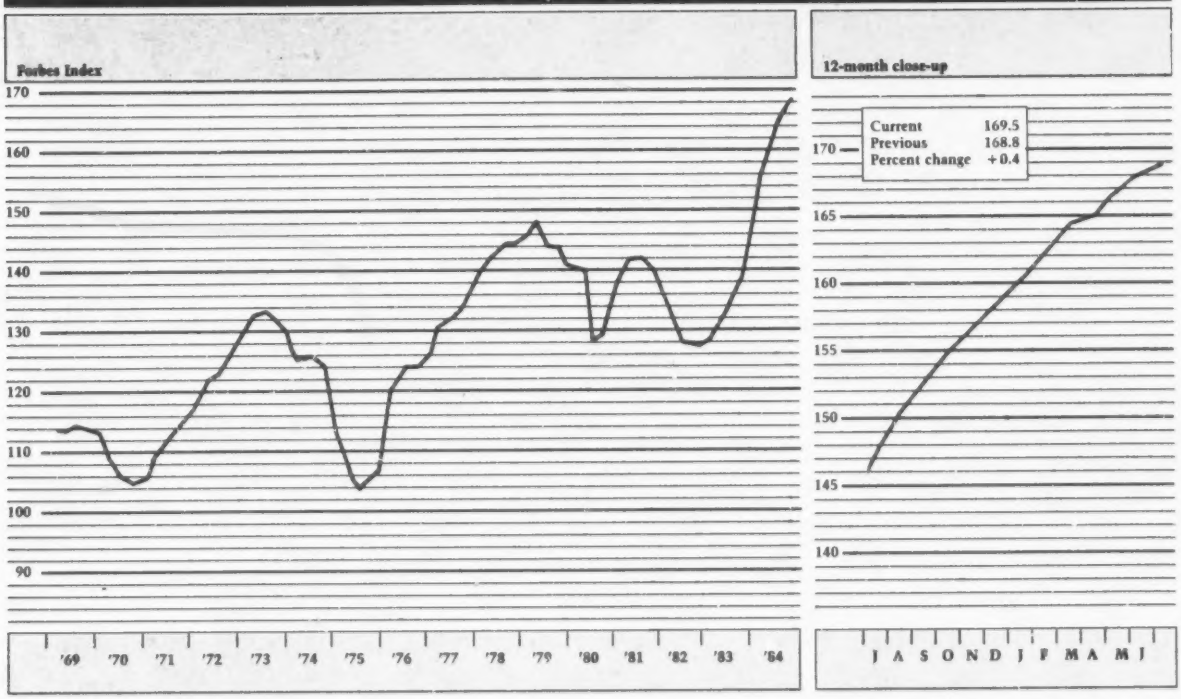
Cover illustration: Andrew Christie

The Forbes Index



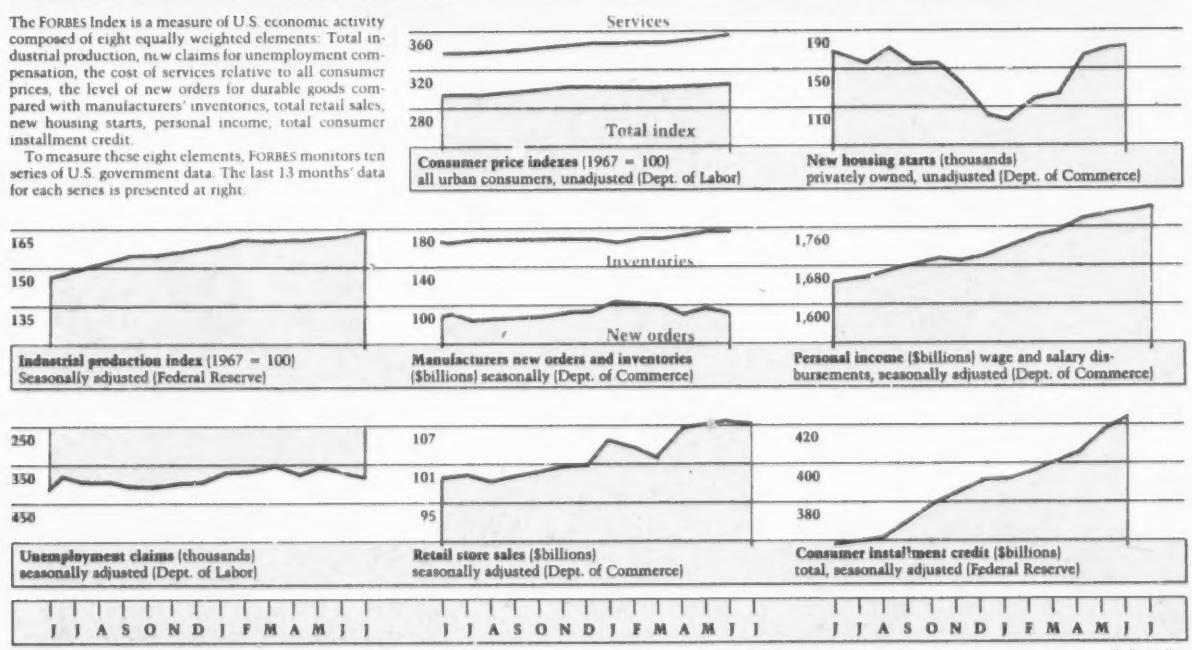
A streak of luck. With the economy showing signs of cooling down, it is getting harder for the Forbes Index to register increases. So far, however, the stronger components have gained enough to offset declines in other areas. Industrial production, for example, shows a 0.9% month-to-month rise. Consumer installment credit was up 1.9% while the figure for personal income, which is more current, increased by only 0.6%. This means that individuals are borrowing at a faster pace than their incomes are increasing—not a healthy situation over the long term.

Another cause of concern is new unemployment claims. They were up for the second month in a row. Finally, retail sales declined 0.9% in July.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Shelley Dell

The Japanese have discovered what Detroit learned long ago—the auto business is as much about fashion as it is about transportation. With that in mind, they are moving upmarket in the U.S.

Saab, Mercedes, Volvo, BMW, Jaguar, watch out!

By Lawrence Minard

WHAT'S THE BOTTOM LINE on those import quotas on Japanese cars? For all their complaining, the bottom line is immensely favorable to the Japanese. In 1980, the last full year before quotas were imposed, they grossed $8.2 billion on the 2 million cars they shipped here. This year they should gross $12.4 billion on 150,000 fewer vehicles. In short, since quotas took hold, the Japanese have increased their automotive take here by 50%. Of this dollar increase perhaps $1 billion is attributable to inflation. The rest is largely gravy for the Japanese. Their net profits from selling autos here have probably doubled since they agreed to limit their auto shipments to 1.68 million units (this model year, 1.85 million).

Forced to limit their export volumes, the Japanese carmakers have methodically begun to replace their small, inexpensive export cars with larger, more expensive ones loaded with options. The small, inexpensive entry-level Japanese car, priced under $6,000, has all but vanished. The bottom end of the market now belongs chiefly to Detroit *(see box, p. 44).*

Nissan is a prime example of what is going on. In 1980 Nissan sold 431,000 of its low- and medium-priced models—its Sentra, Pulsar, Stanza and 200SX—which today range in price from $5,399 to $8,699 (excluding turbocharged versions). By last year sales of those models had been cut back to 367,000 units, primarily because of reduced shipments in the midpriced Pulsar and 200SX.

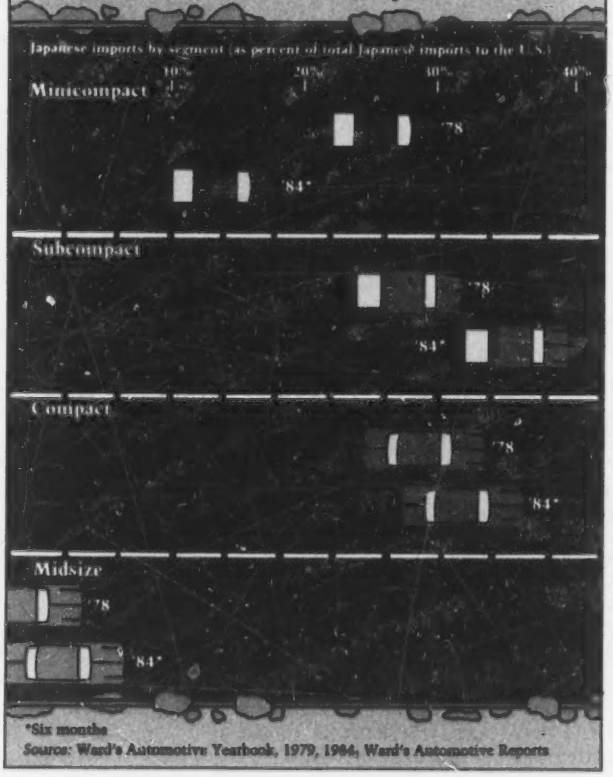
In the place of those relatively cheap models, Nissan has, since 1982, increased shipments of its classy Z Series sports car, now priced at $17,000 and up, and its large (by Japanese standards) Maxima sedan, which sells at $12,000-plus.

Taken together, sales of Nissan's Maxima and Z Series jumped from 81,000 units in 1980 to 147,000 last year. The Maxima accounted for most of that jump: a record 76,209 units last year, vs. an average of 18,000 from 1975 to 1980. Since margins on the more expensive Japanese cars may run at 15% and better, vs. around 8% on cheaper models, according to one automan, the voluntary restraints have sent Nissan crying all the way to the bank. And the company still has lots of new, upmarket product to ship, including the Leopard, a very hot looking, expensive sports car, which sells in Japan for the yen equivalent of about $11,500 and might go here for as much as $20,000.

So the Japanese automakers with the sizable quotas are, in the end, benefiting rather than suffering from the imposition of quotas. But it

Accelerating a strategy

Japanese automakers began moving upscale in the U.S. after unit quotas were applied in 1981. But dollar values were unaffected, hence the shift in product mix.



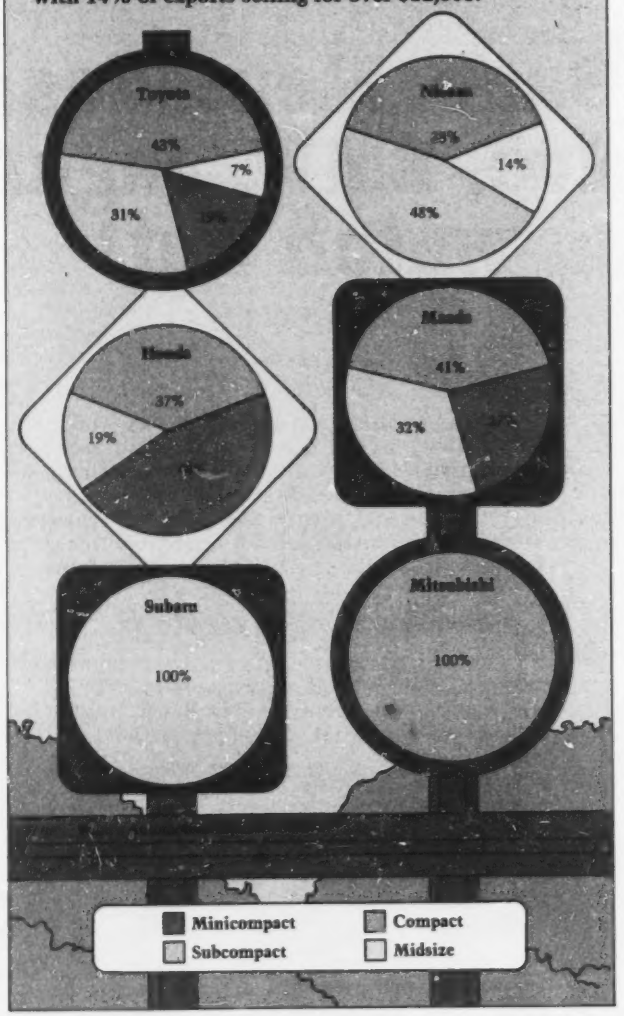
would be wrong to attribute this either to Japanese deviousness or to Japanese foresight. It was simply a commonsense business reaction to a serious problem—an almost reluctant solution. "When your unit volume is limited, you'd be a fool not to switch to a richer mix," explains Henry V. (Gene) Leonard Jr., GM's top man in Tokyo. "As long as the export restraints continue, then the Japanese companies will continue to push their larger cars, loaded with the maximum possible number of options in order to maximize their unit revenues."

One Japanese carman puts it best: "Quotas are the mother of invention."

Without the quotas the Japanese might have taken considerably longer to come to the same conclusion. The quotas have forced them into something they know they must do: move the lines upmarket (uncharted waters for the Japanese carmen) against the day when rampant competition breaks out among Japanese, American, Korean and Taiwanese small-car makers. As Nissan's personable board member Shiro Ozawa says in his near-flawless English: "It is getting harder to make money in small cars. Japanese companies must produce higher-priced, more luxurious cars."

Different routes, one destination

Each maker takes its own road to higher margins. In the first half of 1984 Nissan was ahead in the midsize range, with 14% of exports selling for over $12,000.



Wherever you look, the Japanese carmakers are enriching their lines with flashier, more expensive machines. Are these big machines in the American sense? No. They are, essentially, either gussied-up versions of their hardy little subcompacts, or modestly longer, wider compacts. In either case, more profitable. In a way, the Japanese are taking a leaf out of Detroit's book. Lee Iacocca builds an upmarket Chrysler LeBaron using the same basic design as his inexpensive Aries and Reliant. Chrysler didn't invent the pattern; it is Detroit's time-honored way. You build an extra $500 in costs into the new model and add $1,500 to the selling price. For their part, the Japanese can add a few inches here and there without huge production cost increases, thanks to high levels of automation and to their practice of mixed production, which allows them to build a variety of models on one assembly line without great retooling cost. This gives them production flexibility and retains their economies of scale. Within this pattern:

Toyota has trebled U.S. shipments of its upsize Cressida (list: $14,259) to 39,755 units and introduced a new upmarket car, the Camry, last year. The Camry, which lists at $10,948, sold nearly 53,000 units last year. Next year Toyota will probably introduce its MR2, a mid-engine sports car now zooming about the streets of Tokyo, where it sells for $7,000.

Isuzu, from which GM wants to buy 200,000 Spectrum subcompacts annually, is crippled by a minuscule quota of 50,000 units (up from 16,000 last year) and is shipping as many as possible of its sleek, $12,000 Impulse models. Says courtly Sadao Uenoyama, president of Isuzu Motors Overseas Distribution Corp.: "The way to go will be more value-added cars—not too big and not too small, and with lots of Japanese high technology in them. Today everyone wants variety in their cars. It is a fashion business, a fantasy business, like General Motors in the 1950s." Without the tail fins, of course. Tastes change. Human nature rarely does.

This month Mitsubishi Motors Corp. will introduce its Galant in America. The U.S. version is equipped with electronically controlled suspension, front-wheel drive and a new electronically fuel-injected four-cylinder engine developed for the U.S.' performance-oriented market. The redesigned Galant, which until this year sold in Japan as a subcompact, gives the impression of having all the interior room of a big American car and, according to *Car & Driver*'s technical editor, Csaba Csere, who has driven it, "the roadhandling characteristics of the better European imports." Mitsubishi, which is also hampered by a small quota, hopes to sell around 6,500 Galants this year, at a price of $12,800. "We are aiming [the Galant] at the doctors and lawyers," says Shinji Seki, MMC executive vice president. Dick Recchia, Mitsubishi Motor Sales of America executive vice president, puts it this way:

"The Japanese have already won the market for imported sports cars with Mazda's RX-7, Nissan's Z cars and our Starion. Now we're going after the top sedan market with the Cressida, Maxima and Galant. We've won the performance enthusiasts, and now we're going after the luxury car buyers."

No, the Japanese automen are not going after the full-size American car

market. They are upsizing their subcompacts to compacts but, for the foreseeable future, no further.

The reason for this limitation is obvious to any American who has simmered through Tokyo rush-hour traffic or been squeezed against the walls of Japan's narrow streets, many of which are still built just 4 meters wide. To harmonize population density and the automotive age, Japan's Ministry of Transport, through regulation and taxation, makes it all but impossible to produce, for domestic sale, cars wider than 1.7 meters (67 inches) and powered by engines larger than 2 liters.

The statistics are clear on the point. Whereas over 60% of U.S. new car registrations are in the over-2-liter class, in Japan only 2.5% are. In Japan virtually 100% of domestic registrations are 1.7 meters wide or less. The exceptions merely prove the rule: Those executive behemoths, Nissan's President and Toyota's Century, parked outside the expense-account joints in the Ginza are produced in token numbers. About 1,200 Centurys will be built this year and not many more Presidents. The President sells in Japan for a forbidding $24,000—about four times the Japanese price of a Honda Accord.

In theory, the Japanese could build a for-export-only car wider than 1.7 meters. But, like its watchmakers and consumer-electronics producers, Japan's carmakers depend for their low export prices on long production runs built on a solid home-market base. Take away their 3-million-units-a-year domestic sales, and Japanese automakers' unit production costs (and sticker prices overseas) would soar. These long production runs, based on two major markets, are one important reason Japan enjoys a $2,000-unit production cost advantage in small cars. (The other reason is labor cost.) No two ways about it: Detroit has it all over the Japanese in producing full-size automobiles efficiently. Concedes Kenichi Yamamoto, senior managing director at Mazda Motor Corp., "We cannot manufacture American full-size cars on a competitive basis. We don't have the technology."

Will people in the U.S pay upscale prices for a 1.7-meter-wide car? They already do. U.S. consumers pay $21,225 for a fancy Volvo 760 and $24,565 for a BMW 528e. The Volvo is 1.75 meters wide, the BMW 1.67 meters. This in spite of the fact that they could buy a 1.8-meter-wide Oldsmobile Cutlass for just $9,700.

You want an insight into the Japanese automotive strategy? Listen to Mazda's Kenichi Yamamoto:

"We think American customers are more demanding than they were five or ten years ago. They want a concept, originality, innovative technology—not just air-conditioning and big, smooth-riding cars. No waste, no bulk. The most important thing is that Mazda cars should be fun to drive—like BMWs and Audis." Toshinori Mori, manager of Mazda's America Division, adds: "Within the 1.7-meter limitation, we'll concentrate on technical improvements to get the feel and function of bigger cars."

Mazda, like the rest of its Japanese

Let's talk resale

Walk into a used car lot tomorrow and you will find that used Japanese cars are holding their value as well as any competing European and American models, and better than a lot. Below, the latest prices on some bestselling models as a percentage of their original price when new. Quotas have helped.

Used car prices (percentage of value retained)

	Japanese			European				American		
	Toyota	Honda	Nissan	Audi	BMW	Volvo	VW	GM	Ford	Chrysler
1983	Tercel 109%	Accord 99%	Sentra 95%	5000 88%	320i 100%	DL 105%	Jetta 86%	Supreme 89%	Escort 91%	Reliant 97%
1982	Corolla 95%	Accord 87%	Sentra 88%	5000 76%	320i 87%	DL 99%	Jetta 70%	Chevette 77%	Escort 78%	Reliant 82%
1981	Corolla 85%	Accord 81%	210 76%	4000 69%	320i 78%	DL 88%	Jetta 63%	Chevette 68%	Escort 67%	Reliant 75%
1980	Corolla 81%	Accord 83%	210 73%	5000 62%	320i 75%	DL 90%	Dasher 43%	Citation 64%	Fairmont 65%	Horizon 53%

Note: Used prices of 100%—and more—of suggested retail result from adding options and some dealer markups to the base sticker price.
Sources: National Automobile Dealers Association Official Used Car Guide, July, 1984; Ward's Automotive Yearbook 1982, 1984.

competitors, is moving at speed on this strategy. It has scaled back U.S. shipments of its popular 323 GLC (for Great Little Car) subcompact, priced at around $6,600. It shipped 65,298 units in 1980 and only 51,601 last year. The gap has been filled with RX-7 sports cars and with Mazda's 626, a substantially larger, heavier, smoother-riding car that lists between $8,300 and $10,500.

The Japanese car that probably has the best chance to wrest market share from West Germany's prestigious and costly BMW will appear, 18 months from now, from that most international of Japanese car companies, Honda Motor (FORBES, *Mar. 12*). Next fall, at its plants in England and Japan, Honda will begin production of a new luxury sedan, developed jointly with British Leyland and code-named the Honda XX.

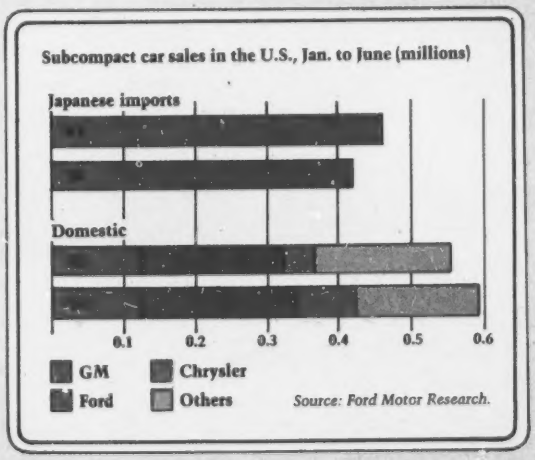
The car is still very much under wraps. But according to Honda sources and Japanese automotive journalists who have seen the car, the XX will be the largest model in Honda's line. In the Japanese market it will be powered by a 2-liter V-6 engine mounted in the front, with front-wheel drive for maximum interior space. Honda will produce 80,000 XX cars in Britain (70,000 of which will be sold under the BL nameplate). Another 45,000 or so will be built in Japan, for sale domestically and in the U.S., where the car will appear in the spring of 1986. Price will probably be $20,000 or more.

"In the past," says Honda Executive Vice President Koichiro Yoshizawa of the decision to build the XX, "we have concentrated on compact cars in the U.S. But cars like the European

The winner—by default

The myth is, having been disinterested in small cars, Detroit gave the market by default to Japan. The fact is American-made cars today dominate the U.S. market for subcompacts, those small, $7,000-and-under, four-cylinder automobiles that marked the first Japanese success in this country. The plain-Jane subcompact market isn't moving fast this year. Nearly everyone is buying upscale. Even buyers of smaller cars want sporty models or powerful engines. But where they are selling, U.S. makes have almost 60% of the market.

In the first half of this year just over 1 million of these low-priced subcompacts moved out of showrooms, 24,000 fewer than the year before despite the overall boom. Gasoline prices are drifting down toward $1 a gallon, the economy is booming and buyers are falling back into old habits.



Of this slightly over 1 million small cars, Japanese models such as the Toyota Corolla, Honda Civic, Nissan Sentra and Mazda GLC sold 412,000—54,000 fewer than the year before. Most of the remainder were U.S.-made cars: Ford's Escort, Chrysler's Omni and Horizon, GM's Chevette. The big U.S. subcompact seller is Ford, with its Escort and Lynx models. Ford dealers delivered 213,000 in the first six months, down from the 228,000 the year before. GM's Chevrolet Chevette and Pontiac subcompact sales added up to 111,000 cars, matching last year's figure. The real success story is Chrysler, where the Omni and Horizon subcompacts show gains, 76,000 sales in six months against 47,000 a year ago. The Chrysler subcompacts, greatly improved and repowered since their introduction seven years ago, may be the best around.

Detroit complains its costs are far higher than those of Japanese auto companies. So, are these cars, directly competitive with Japanese models, profitable? Detroit executives don't like to admit they make money on them, but executives concede that they do. Remember, the key costs in a car are the dollars spent on factories and machinery, and those cars are long paid for. The GM subcompacts date to the fall of 1975, Ford's to the fall of 1980, Chrysler's to the fall of 1977. They've been in production so long that the old Detroit saying applies: "We lose money on every one, but we make it up in volume."

But don't read too much into this victory. Some of it is by default. The Japanese, limited in the number of cars they can ship, increasingly send $10,000 cars instead of $7,000 cars. The American carmakers are still leery of big investments for this part of the market, and UAW members balk about the wage and work-rule concessions needed to make these cars profitable enough to justify further investment. That American companies made the investment at all was largely because of fears that, with oil heading to $100 a barrel, the public would be forced down to the low end of the market. But those fears have faded. For the future, GM has ordered subcompacts for its dealers here from two Japanese and one Korean manufacturer. Under its joint deal with Toyota, it will assemble cars here, but many of the major components will be Japanese. Ford and Chrysler haven't made such deals yet, but they could happen.

Small subcompacts, though, will be built in America for years to come. Chrysler will restyle its subcompacts in a few years, making them a little bigger, too. Ford will restyle its Escorts next spring and increase engine power. Also, Honda of Japan will build its tiny Civic models in Ohio in a few years.

In the last analysis, the "voluntary" quota system bought time for the U.S.-made subcompact. But at the expense of troubles for Detroit higher up in the price range *(see story)*.—**Jerry Flint**

ones, sporty but luxurious, such as the Audi and BMW—these are the segments of the market that are attractive to Honda for the future."

Will the Japanese companies build their bigger cars in their sprouting U.S. factories? For the time being, no. At its mushrooming plant in Smyrna, Tenn. (FORBES, *Mar. 12*), Nissan will produce its subcompact Sentra—100,000 annually by 1988. Reason: "It is a commercially safe car," says Nissan's Ozawa, adding he wants no problems at the plant. For the same reason Honda will build its seasoned Accords and CVCCs at its Marysville, Ohio plant. Toyota will build a model similar to its proven subcompact Corolla in Fremont, Calif. for GM. Hardly a compliment to U.S. craftsmen. The Japanese have decided they dare not compromise their quality image by building a new car in the U.S. The old, time-tested models, yes. The world changes.

Later, however, the Japanese will almost certainly build their bigger cars here. "At first they [Nissan, Toyota and Honda] will produce subcompact cars in the U.S.," says Mazda's Yamamoto. "But personally, I believe in the future they'll add new, bigger models, because U.S. customers want bigger cars, which are more profitable and can better absorb the higher cost of U.S. components."

Where does all this leave GM, Ford and Chrysler? The answer depends on what happens to quotas.

If the quotas are allowed to expire next March, free trade in cars will reappear. That could refocus Japanese attention on the low end of the market. In that event, expect severe price-cutting as the intensely competitive Japanese—Japan has nine carmakers but only half the population of the U.S.—bite and scratch each other for larger U.S. shares. In that case, Chrysler's Omni/Horizon and Ford's Escort/Lynx may be doomed. As Tomio Tsutsumi, director of the Automotive, Machinery & Information Industries Bureau of Japan's Ministry of International Trade & Industry, put it to FORBES:

"With the restraints, Japanese car dealers can price a car at $10,000 and tell customers to take it or leave it. But if restrictions are removed, customers will again be able to get a $7,000 Japanese car, and they won't have to take or leave the $10,000 car."

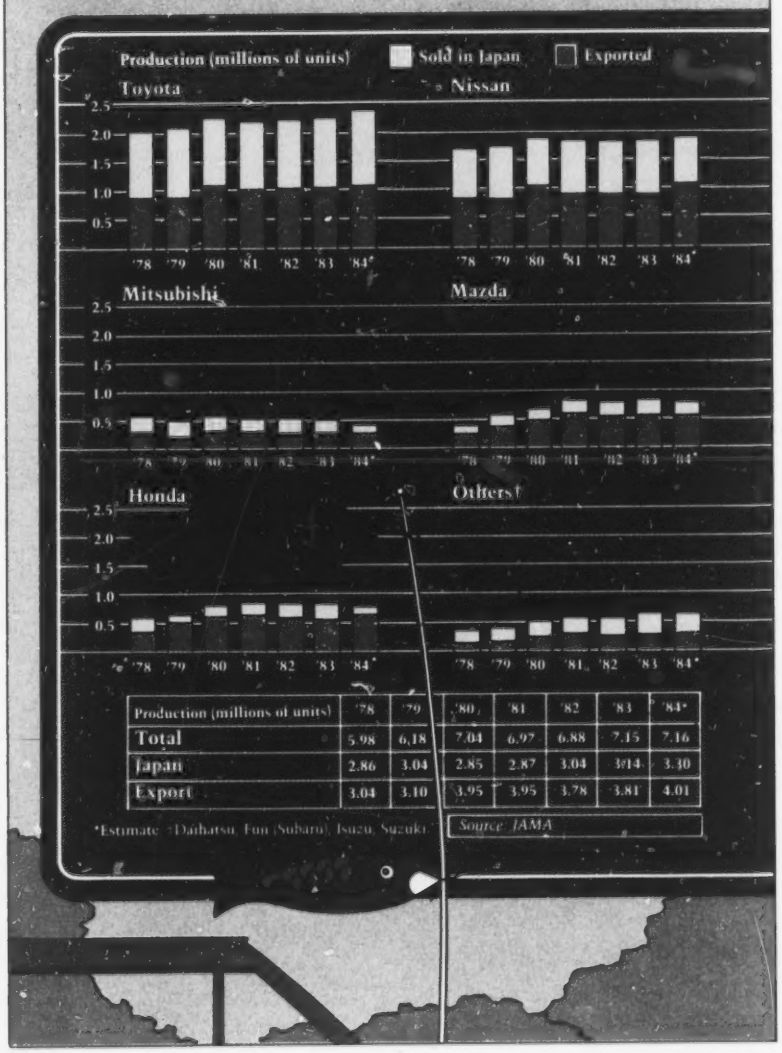
We asked Tsutsumi what he thinks will happen to quotas. He replied that the issue is "very touchy"—and conceded that MITI "has not yet decided" its position on quotas. An American automan based in Tokyo explains why they haven't made up their minds: "The Japanese are trying to figure out who has the better line to the next president—[GM Chairman Roger] Smith or [Chrysler Chairman Lee] Iacocca." The meaning is clear: Since GM has decided to join the Japanese rather than fight them, quotas may open up if GM's views prevail. Chrysler, on the other hand, is making money selling small cars here and would like to see quotas tightened.

But the Japanese carmakers, those with the bigger quotas at least, are perhaps less concerned with quotas than they let on. They have come to understand that in a vast and complex market such as the American one, the price points you cover are more important than market share. You can make more money on one $10,000 car than on two $5,000 cars. And on a $25,000 car? Just ask Mercedes.

Nissan's Ozawa reflects this new sophistication when he says: "I no longer worry much about statistics, statistics, statistics, as I used to, but with studying consumer psychology. This will be the key for us in the future." ■

Going uphill, slowly

Total production by Japanese carmakers has been climbing in recent years, but not dramatically—up less than 20% in the last six years. Most of the increase has been shipped off for the export trade. In their home market, which is half the size of the U.S. market, nine Japanese carmakers fight for business with many different models and low margins. Only Mazda and Honda have shown important growth at home.



Production (millions of units)	'78	'79	'80	'81	'82	'83	'84*
Total	5.98	6.18	7.04	6.97	6.88	7.15	7.16
Japan	2.86	3.04	2.85	2.87	3.04	3.14	3.30
Export	3.04	3.10	3.95	3.95	3.78	3.81	4.01

*Estimate †Daihatsu, Fuji (Subaru), Isuzu, Suzuki

Source: JAMA

Rigs sit rusting, but cash is gushing for many oilfield service companies. That's one reason for the takeover activity.

Oilfield service—why acquisitors are on the prowl

By Robert H. Bork Jr.

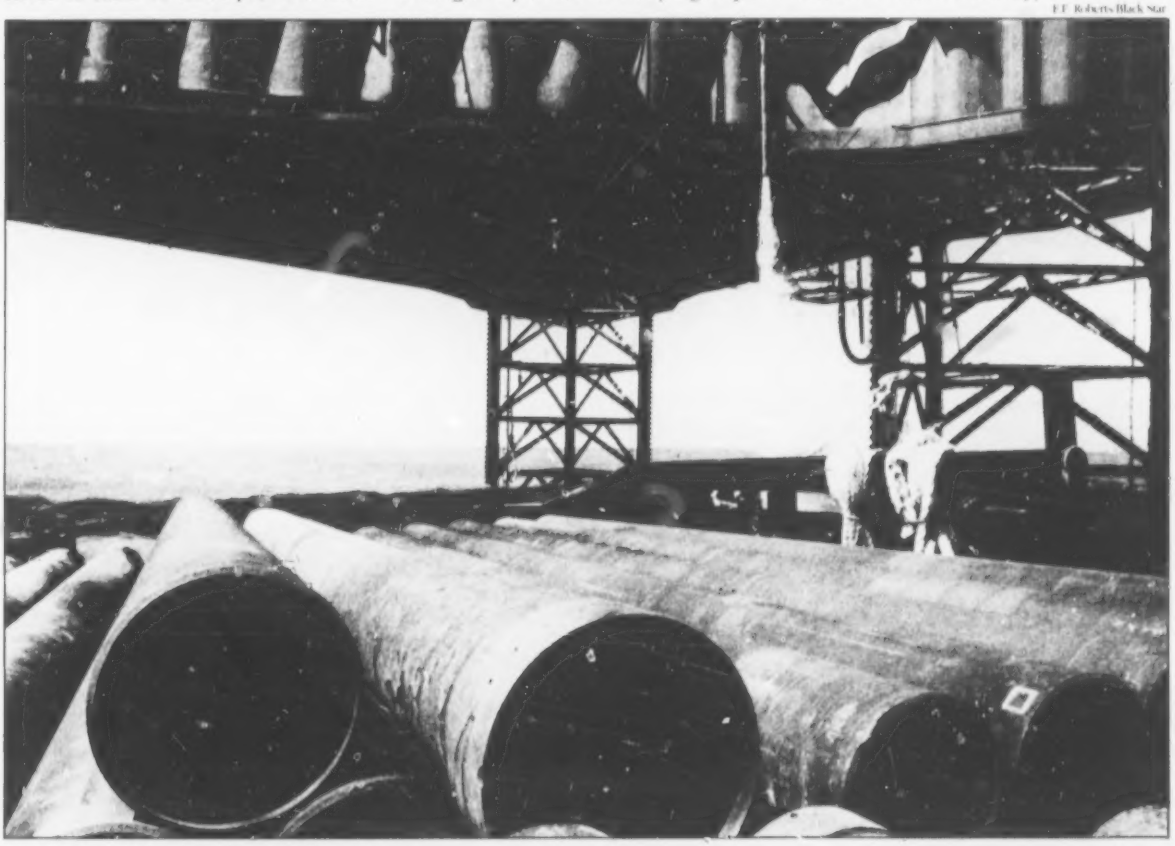
THE COLLAPSE OF the drilling binge in 1981 heralded a grim future for oilfield service companies. Yet in 1984, even as most service companies are reporting their worst results in a decade, one encouraging thing can be said: Many of them aren't short of cash. A three-year scramble to slash capital spending, inventories and payrolls is beginning to pay off. The situation makes some companies in the industry attractive as acquisitions and puts others in position to make acquisitions of their own, perhaps in different businesses.

Some $2.7 billion in excess cash flow will be generated collectively during this year and next by a group of 14 oil service companies followed by analyst Sam Albright of Kidder, Peabody's Dallas office. Albright defines excess cash flow, also known as free cash, as cash from operations less capital spending, dividends and scheduled debt repayments.

How is this possible with drilling a such a depressed level? Many of the reductions in earnings or outright losses are the result of mammoth amounts of depreciation and writeoffs. "Put simply, these guys added so much to their capital stock—plant and equipment, or rolling stock in the field—that they are showing horrendous losses and yet are generating positive cash flow," Albright says.

To be sure, premature optimists, not excluding FORBES *(June 21, 1982)*, have been wrong before. And many oilfield service stocks are obvious candidates for tax-loss selling later this year, which could make them poor short-term investments. Nonetheless, amid the oil patch debris there may be opportunity, which some large investors are attempting to seize. Gearhart Industries and Enterra Corp., for example, have had takeover offers recently, and NL In-

J.F. Roberts/Black Star



Supply boat delivering pipe to offshore rig
The writeoffs are frightful, but they don't cost cash.

dustries is buying a large chunk of Digicon.

This year giants Schlumberger Ltd. and Halliburton Co. combined will contribute 94% of the group's $800 million in excess cash. But in 1985 that share should drop to 68% of the estimated $1.9 billion as the cash-generating power of smaller companies accelerates.

Losses don't always mean cash out the door. Hughes Tool Co. in July announced a $174 million pretax charge, mostly writeoffs of inventory, receivables, plant and equipment. Less than 5% of the sum—mostly for lease cancellations and severance pay—involved a cash outlay.

Or look at Parker Drilling Co. The Tulsa-based deep-drilling contractor lost $43 million pretax last year and figures to lose another $60 million in the fiscal year ended last month. Business is indeed down, but $37.1 million of last year's loss and a third of the fiscal 1984 loss were caused by writeoffs of oil and gas properties, inventories and receivables.

"It's all paper," says Robert Parker Sr., chairman. Cash, mostly in the form of short-term securities, stands at about $140 million, up 82% from two years ago. "Our game plan [is] to write off all we can, to improve our staying power and be there when the industry turns around."

The depreciation effect is more pronounced at tool rental companies like Radnor, Pa.-based Enterra, which depreciates drilling equipment quickly. Even though it lost $21 million in 1983, depreciation of $46 million and writeoffs of $6 million made cash flow positive. An $11.5 million tax refund received in March went to pay down some expensive floating-rate debt. Long-term debt, $95.5 million at the end of 1982, was cut to $76.3 million in June 1984.

Of course, the numbers can be deceiving. Offshore Logistics, a Lafayette, La. supplier of helicopters and boats to drilling platforms, shows $7.71 a share for earnings plus depreciation last year *(see table)*. Overseas contracts were keeping it healthy, but now the drilling depression has finally caught up. One of its boat subsidiaries has defaulted on a $17 million note, and the banks are throwing liens on equipment.

What will the industry do with its money? "Good question. There isn't a lot of use for cash to reinvest in their basic businesses, since most are plagued by significant overcapacity," says Salomon Brothers analyst James Crandall. Zapata Corp. and Rowan Cos., two Houston-based offshore drillers, are courageous exceptions. This year Zapata bought two used deep-water semisubmersible rigs and built a third. Rowan expects two new jackup rigs to be delivered by December. Parker is hoarding his company's cash to pay for reactivation of rigs this fall and next year to meet what he hopes will be a rejuvenated demand for deep gas wells. The cost: an average of $1 million a rig.

But withdrawal of capital from this industry seems to be the norm for now. That will take the form, for example, of one company's purchase of another for cash. Says Crandall, citing Smith International's dogged pursuit of Gearhart [for which it is offering $31 a share]: "If investors don't recognize bargains out there, then corporate acquirers will." ■

The brier patch

The oil patch has gotten rather thorny over the past three years. But out of these nettles one might pluck a few flowers. The "excess cash flow" figures at right suggest how cash can pile up even in currently loss-ridden firms. Note: The table penalizes companies that have announced spending plans early, but the numbers nonetheless show relative strength.

	EPS		Stock price			Per share 1983			
Company	1981	1984 est	12/31/80	recent	Employment change[6]	cash flow[4]	dividends	capital spending	excess cash flow 1984–85[5]
Halliburton	$5.72	$3.25	83½	32⅞	–36%	$5.84	$1.65	$2.05	$5.30
Schlumberger	4.37	4.00	78	46	–16	6.13	1.00	1.79	4.90
Hughes Tool	4.60	0.20	48¼	14½	–18	0.74	0.84	1.29	4.20
Baker	3.36	0.80	48⅜	17	–6	2.78	0.92	1.72	3.40
Dresser	4.04	0.85	53½	19⅝	–19	2.54	0.80	1.55	3.00
Western Co NA	2.28	–0.20	28½	17⅞	–13	1.28	0.06	1.34	3.00
McDermott	4.98	3.00	41	28⅜	–34	8.05	1.80	4.05	2.80
NL Industries	4.69	0.40	38¼	12¾	–37	1.35	1.00	0.91	2.60
Parker Drilling	2.75	–1.40	34¾	7⅛	–55	2.16	0.16	0.61	1.80
Enterra[1]	5.78	0.04	47⅞[2]	12½	NA	3.19	0.84	1.47	1.41[5]
Galveston-Houston	3.80	–0.60	35¾	8½	–61	0.11	0.05	0.47	0.35
Smith Intl	5.90	0.80	64⅜	13¾	–36	2.20	0.96	2.04	–2.20
Gearhart	2.05	1.20	56⅜	14⅞	9[7]	3.45	0.40	3.05	–2.50
Rowan	2.22	0.25	22½	10⅝	–5	1.22	0.08	2.95	–3.50
Zapata	3.81	1.60	36⅜	17⅞	–3	5.92	0.84	7.34	–8.40
Offshore Logistics	2.04	–2.28[3]	30⅛	3½	–44	7.71	0.48	2.91	–16.02

NA: Not available. [1]Spun off July 1981 from Philadelphia Suburban Corp. [2]Dec. 31, 1980 price of Phil. Sub. less opening postspinoff price for Phil. Sub. [3]Fiscal year 1985. [4]Cash flow: earnings plus depreciation. [5]Excess cash flow: cash flow from operations less planned capital spending, dividends and scheduled debt repayments. [6]Number of employees currrent, versus January 1981. [7]Reflects increase in international operations. [8]1984 only.

Sources: Companies, Kidder, Peabody & Co., Value Line, IBES.

Worse, since doctors charge on a fee-for-service basis, they have strong incentives to sell as much as they can. Because the doctors dominate the demand for services, they have the power to do so.

"The single most important determinant of costs occurs in the brain pan of the physician," says Pat McGuire of The Conference Board. Doctors decide whether hospitalization is necessary (and for how long), what tests to perform and what medicine to give. Doctors' fees might be a small portion of the bill, but "they control 80% to 85% of costs," says Glenn Witt of the Iowa Health Policy Group. "We found that doctors put patients in hospitals too often, asked for too many tests and kept them there too long."

Predictably, the health care industry has not taken coalition attacks docilely. Says Gaylen Young of the American Hospital Association, "When you give someone a blank check and they use it, you don't really have a right to complain about what they filled in."

Both the AMA and the American Hospital Association have formed groups to watch coalition activity. And both have been critical, without success, of coalition policies that exclude them from membership.

Companies, satisfied with the victories wrought by their coalitions, are eager to expand and conquer. Says Glenn Witt of the Iowa coalition, "Business is going to stay in the coalition business because health care costs are our business." ■

Back in the 1970s Western banks lent billions of dollars to Eastern Europe. Now they are turning the tap back on.

Second time around

By Thomas O'Donnell

WHILE THE WORLD was worrying about Argentina's bank debt a few weeks ago, Hungary quietly borrowed $480 million from a consortium of Western banks.

"It's part of a new round of lending," says Stephen Pelletier, head of the U.S.S.R.-East European unit of Manufacturers Hanover. "It signifies Eastern Europe is once again a good credit risk."

During the days of détente, Eastern Europe's debt to Western European, Japanese and American banks neared $57 billion. In March 1981, Poland asked to reschedule its debt. Rumania followed a few months later. And Yugoslavia was forced to refinance in January 1983. The umbrella theory that said the U.S.S.R., to retain its reputation in Western financial markets, would come to their aid proved wrong. "Right now, the Russians wouldn't mind seeing a satellite or two get into trouble," says Jan Vanous, Wharton Econometric's Eastern European expert. "That might push them closer together."

Is Eastern Europe in better shape economically than it was before? If so, it is partly because the banks did stop lending when Poland rescheduled, says Bankers Trust economist Lawrence Brainard. "That put severe pressure on those countries," he says, and they drastically cut imports and pushed exports. The result is that the seven Eastern European nations posted a hard currency surplus of $8 billion last year, compared with a $4 billion deficit in 1980.

So Western banks have started lending money again in most of Eastern Europe—Hungary, Yugoslavia, East Germany, Rumania, Czechoslovakia and Bulgaria. The spigots opened again in late 1983. For two years after Poland's 1981 rescheduling, Western banks lent no new money at all. Now, at least five major loans, totaling almost $1.2 billion, have been signed over the past ten months. "With the exception of Poland, lending relations have returned to normal," says Wharton's Vanous.

What has changed? The banks point out that the level of debt has now dropped from $57 billion to under $45 billion, proving that Eastern Europe pays its bills and that Poland was the exception. They also insist they are doing it differently this time. "We're going after short-term, trade-related credits," says Pelletier of Manufacturers Hanover, which has long been a lender to Eastern Europe.

Maybe so, but most of the new loans are medium-term credits. The real lure is that spreads on loans in Eastern Europe have averaged 1% to 1.5% since round two began, vs. under 1% for most other borrowing nations. The more things change. . . . ■

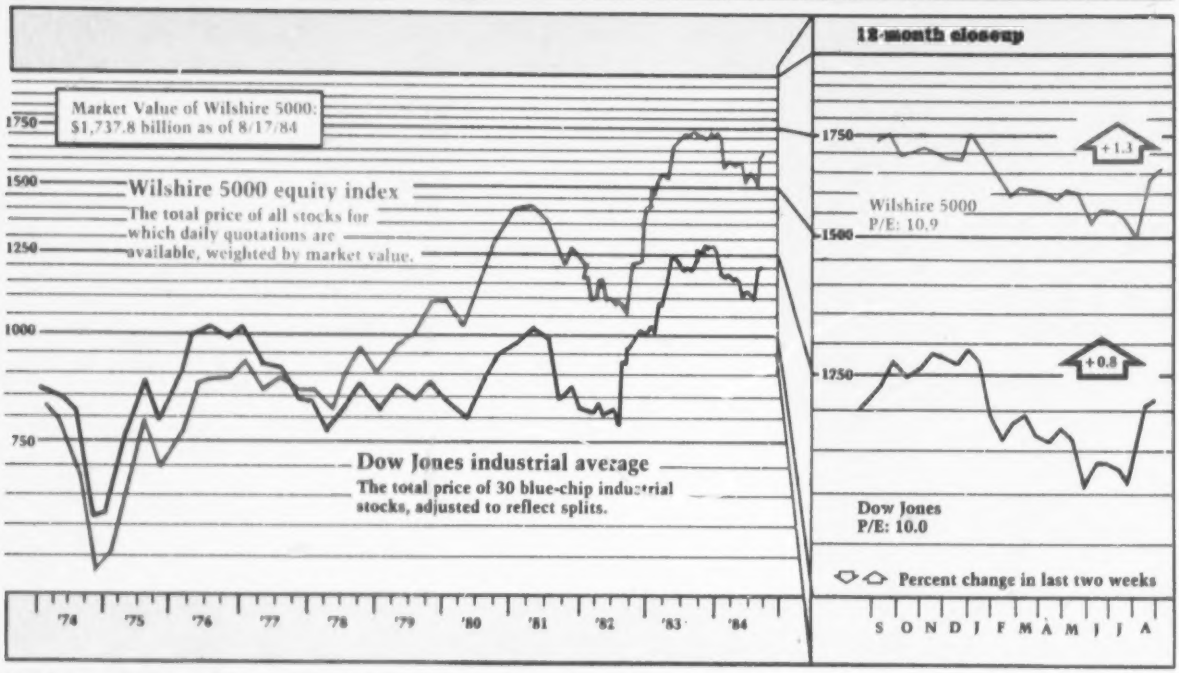
Eastern Europe's debt to Western banks

Poland's 1981 problems brought on the jitters, but at least that helped bring down total debt—for Poland itself as well as the rest of them.

Country	12/31/80 (billions)	US bank share	3/31/84 (billions)	US bank share
Bulgaria	$ 2.9	14.8%	$ 1.8	7.0%
Czechoslovakia	3.5	4.8	2.7	5.3
East Germany	9.9	11.6	8.5	5.3
Hungary	8.0	11.3	6.7	13.0
Poland	16.2	12.9	10.7	8.8
Rumania	5.8	5.7	3.7	7.1
Yugoslavia	10.4	22.9	9.6	25.5
Total	$56.7	13.1%	$43.7	12.0%

Source: Wharton Econometric Forecasting Associates

The Forbes/Wilshire 5000 Review


12-month closeup
Market Value of Wilshire 5000: $1,737.8 billion as of 8/17/84
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84
+1.3
Wilshire 5000 P/E: 10.9
+0.8
Dow Jones P/E: 10.0
Percent change in last two weeks
S O N D J F M A M J J A

Hard-won gains. Wall Street's winning streak faltered during the dog days of August. As many skeptical investors expected, the market seems to have moved into a consolidation phase. Over the most recent two-week period, trading activity slipped well below the record levels of early August. Even though there was some profit-taking, however, downside volume has generally been weaker than upside volume—a positive sign.

The Dow industrials gained only 0.8% during the last two weeks. Over the same period the NYSE rose 1.3%, the Amex 1.9% and the NASDAQ 1.7%. This is an indication that investors are taking some of their blue-chip winnings and moving into other stocks. Four-week data confirm that the rally has become broadly based. The Dow is up some 10%, while the Wilshire index, which now measures more than 5,600 issues, increased 9.6%.

On a 52-week basis, however, only the Dow is in positive territory. Its gain is a thin 1.5%. But over the same period NASDAQ shares are down 16.3%, and Amex issues are off by 10.1%. This means that secondary stocks still have lots of recovering to do and that many investors probably haven't recouped earlier losses. Until that happens they may be nervous about plunging headfirst into today's market.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	9.6	9.7	10.0	9.5	8.7	9.2
in last 52 weeks	–3.5	0.4	1.5	–0.5	–10.1	–16.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	10.9	4.4	8.8	5.5	6.8	6.9	5.7	6.5	6.4	6.1	9.2	2.8
in last 52 weeks	–1.9	–13.1	–17.5	5.1	–20.6	–2.8	3.7	–11.5	–16.9	6.7	3.3	–19.9

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

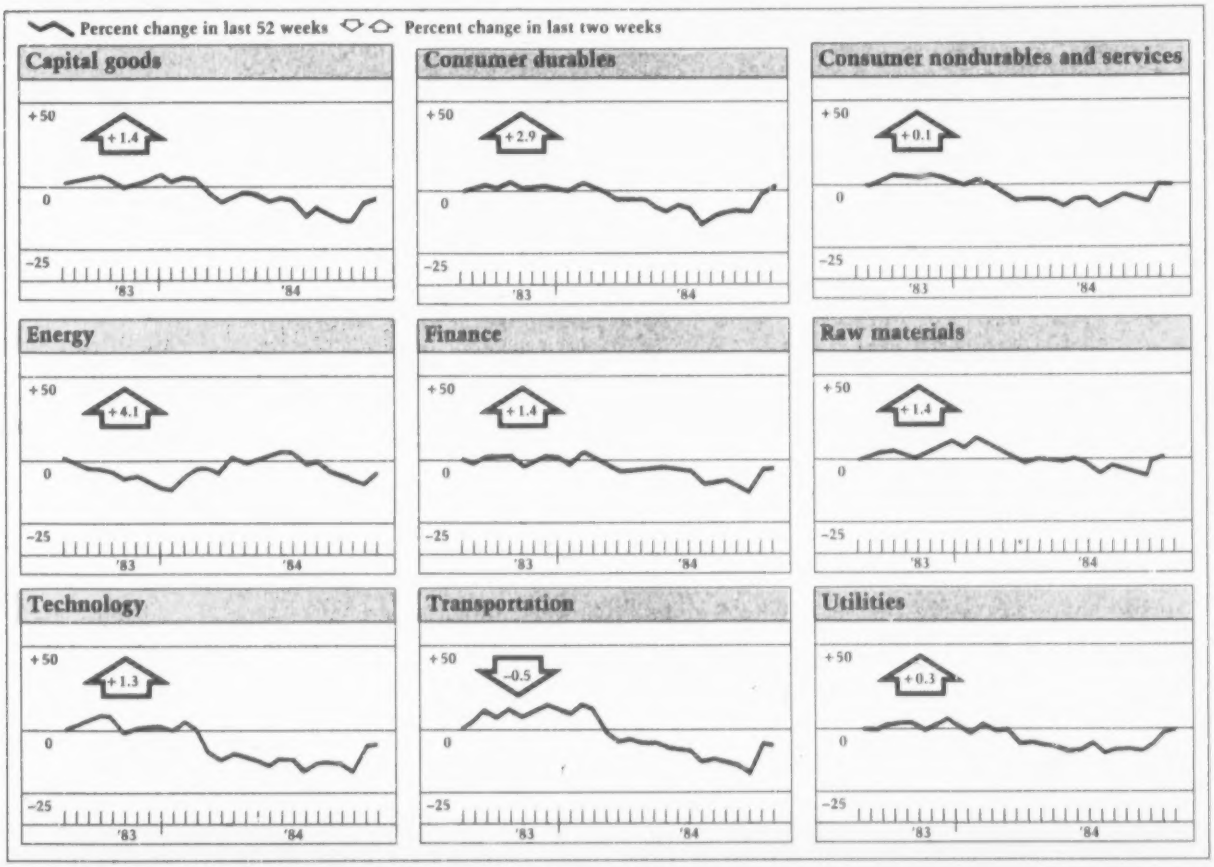
Note: All data for periods ending 8/17/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Shelley Dell

Where The Action Is

Spreading the wealth. During the most recent two weeks investors bought the stocks they passed over when the rally began. They also took profits in the stocks that were the first to post handsome gains. Energy and transportation show the most dramatic swings. In the latest reporting period energy stocks made the biggest two-week increase, a gain of 4.1%. But two weeks earlier they were the worst performers, with a 1.4% decline. The opposite with transportation: During the most recent two weeks these stocks were in last place, with a 0.5% decline, but they had spurted 16% in the previous period.

Over the longer term only consumer durables and raw materials are ahead of where they were one year ago. Capital goods, by contrast, has the worst 52-week record.



What The Analysts Think

The price is still right. The Wilshire index rose 1.3% during the last two weeks, and analysts reduced earnings estimates for all groups except energy and utilities. But quality stocks are still cheap. The Forbes 500 is now priced at 11.5 times present earnings, but only 8.9 times 1984 estimates and 7.1 times 1985 estimates.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.03	11.5
1984 estimates	3.94	8.9
1985 estimates	4.72	7.1

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Energy	$2.67	0.62%	-1.88%
2	Utilities	2.93	0.31	-0.13
3	Capital goods	2.40	-0.21	-3.37
4	Consumer durables	3.29	-0.31	-1.36
5	Consumer non-durables	2.64	-0.67	-1.60
6	Technology	2.04	-1.90	-3.88
7	Transportation	2.61	-1.97	-3.36
8	Raw materials	2.70	-1.82	-3.69
9	Finance	3.50	-3.07	-6.57

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Shelley Dell

Note: All data for periods ending 8/17/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

This August thousands of stocks shot up in price. But if Wall Street's estimates are correct, lots of shares may still be bargains.

Cheaper than they look?

By Steve Kichen

WHEN THE DOW JONES industrials fell to a 17-month low of 1086 on July 24, pessimists settled in for a worrisome summer. But by the second week of August plenty of investors went from tranquilizers and antacid tablets to champagne and celebration.

No one knows yet, of course, whether this latest surge will lead the market to record highs. But, for those who worry that they missed the boat once more, we have prepared a list of major companies that still appear attractively priced relative to estimates of future earnings.

We used Micro/Scan software to screen the 3,000 stocks in the Institutional Brokers Estimate System (IBES). Our goal: big companies now selling at less than 7.5 times expected 1985 earnings. We eliminated firms that didn't have at least three 1985 earnings estimates. And we asked the computer to drop any company that wasn't expected to show at least a 10% increase in earnings between 1983 and 1985.

Not too surprisingly, most of the companies on the accompanying list are in capital-intensive and cyclical industries. But that didn't deter investors this past August. Our table shows that many of these shares registered sharp gains in the recent rally. In just 14 trading days the group appreciated an average 13.5%.

What is the likelihood of further gains for these issues? Despite their recent advances, the average stock on our list is currently selling for only 6.2 times estimated 1985 earnings. Ford, Chrysler and General Motors

Patrick McDonnell

Bargain hunter's banquet

In early August these stocks rose an average of 13.5%. Still, they all sell at less than 7.5 times estimated 1985 earnings. And 15 have estimated P/Es below 5.5, less than half the current Wilshire multiple. If the analysts are correct, these stocks could be bargains. But if they are wrong, these shares could easily give up recent gains.

Company	Stock price recent	Stock price 7/24/84	Stock price % change	1983 EPS	1984 earnings estimate per share	1984 earnings estimate P/E	1985 earnings estimate per share	1985 earnings estimate P/E	Indicated yield
Allied Bancshares	21⅛	21⅛	0.0%	$2.55	$2.97	7.1	$3.44	6.1	3.8%
Aluminum Co of Am	37⅛	32¼	15.1	2.03	5.01	7.4	6.69	5.5	3.2
Amerada Hess	26½	25½	3.9	2.43	3.69	7.2	4.68	5.7	4.2
American Std	29	24½	18.4	2.27	3.24	9.0	4.28	6.8	5.5
AMR	27⅛	27	1.4	4.79	5.49	5.0	6.14	4.5	—
Armstrong World Inds	27⅝	23⅞	15.7	2.53	3.53	7.8	4.06	6.8	4.3
Ashland Oil	23	21½	7.0	2.22	3.10	7.4	4.03	5.7	7.0
Banc One	23¼	21⅛	11.1	2.55	2.93	8.1	3.28	7.2	4.2
BankAmerica	17⅛	15	15.8	2.18	2.56	6.8	3.27	5.3	8.7
Boise Cascade	39¼	33⅞	15.9	1.91	4.56	8.6	5.93	6.6	4.8
Borden	60½	56½	7.1	6.56	7.45	8.1	8.36	7.2	4.5
Borg-Warner	20⅞	17¾	17.6	2.03	2.54	8.2	3.13	6.7	4.0
Brunswick	35⅛	28	25.4	2.92	4.22	8.3	5.05	7.0	2.3
Burlington Inds	24⅞	24⅛	3.1	3.10	4.01	6.2	4.59	5.4	6.6
Burlington Northern	45¾	35¼	28.0	5.40	7.01	6.5	7.35	6.2	2.2

Sources: Lynch, Jones & Ryan's Institutional Brokers Estimate System (IBES) via Micro/Scan Data on Diskette from ISYS Corp.; Forbes

Statistical Spotlight

show the lowest P/E multiples, based on 1985 earnings estimates.

Ford, for example, is priced at only 2.8 times expected 1985 earnings. With a number of new products and captive imports in the pipeline, it may have a good chance at meeting its consensus forecast of $16.03 per share in 1985. At Chrysler, minivans have been sellouts and Chairman Iacocca has a new line of front-wheel-drive hatchbacks for the fall. Even so, the company's shares sell at only 2.9 times estimated 1985 earnings.

What these low multiples are saying is that Wall Street is highly skeptical about Detroit and other cyclical industries. In past market cycles, low P/Es similar to those on our list often signaled a peak in earnings and hard times ahead. But consider this: During the same 14 trading days that the Dow gained 12.1%, Chrysler was up 25.4%, Ford 24.5% and General Motors 16.2%. In fact, 44 of our low-P/E shares gained 15% or more during the recent runup.

Bargain hunter's banquet

Company	Stock price recent	Stock price 7/24/84	% change	1983 EPS	1984 earnings estimate per share	1984 earnings estimate P/E	1985 earnings estimate per share	1985 earnings estimate P/E	Indicated yield
Celanese	73⅜	63¾	15.1%	$6.89	$10.79	6.8	$11.97	6.1	5.5%
Champion Intl	19¼	19¼	0.0	1.22	2.77	6.9	3.87	5.0	2.1
Chrysler	30⅞	24⅝	25.4	2.35	14.13	2.2	10.56	2.9	2.6
City Investing	37⅝	37⅛	1.3	4.04	4.53	8.3	5.51	6.8	5.3
Coastal Corp	26⅞	27½	–2.3	3.65	4.92	5.5	5.30	5.1	3.0
Colt Inds	48	40¾	17.8	3.99	5.66	8.5	6.74	7.1	4.6
Crown Zellerbach	33	29¼	12.8	2.54	3.85	8.6	5.10	6.5	3.0
CSX	24⅛	18⅜	31.3	2.07	3.31	7.3	3.83	6.3	4.3
Cummins Engine	74⅜	64	16.2	0.36	15.14	4.9	16.81	4.4	2.7
Dana	25⅞	21⅞	18.3	1.97	3.43	7.5	4.18	6.2	4.6
Dow Chemical	30½	27	13.0	1.50	3.22	9.5	4.12	7.4	5.9
El du Pont de Nemours	48¾	43¾	11.4	4.70	6.31	7.7	7.18	6.8	6.2
Eaton	51	42⅛	21.1	3.06	6.76	7.5	7.92	6.4	2.4
ENSERCH	19½	20	–2.5	1.20	2.08	9.4	2.56	7.6	8.2
Ethyl Corp	24⅜	21⅞	12.6	2.61	2.97	8.3	3.42	7.2	3.5
First City Bancorp	17½	17¾	–1.4	1.23	2.56	6.8	3.09	5.7	7.4
First Union Corp	29⅜	27⅜	7.3	3.59	4.23	6.9	4.71	6.2	3.4
Ford Motor	45⅛	36¼	24.5	10.29	15.32	2.9	16.03	2.8	3.5
General Dynamics	61½	53⅜	14.7	5.30	7.10	8.7	8.51	7.2	1.6
General Motors	75¼	64¼	16.2	11.84	16.85	4.5	18.09	4.2	6.6
General Pub Utils	10⅛	8⅞	14.1	1.10	1.52	6.7	1.85	5.5	—
Georgia-Pacific	22½	19⅞	13.2	0.97	2.80	8.0	3.39	6.6	3.6
BF Goodrich	30	26¾	12.1	0.68	3.99	7.5	5.16	5.8	5.2
Goodyear Tire	27½	23½	17.0	2.71	4.16	6.6	4.66	5.9	5.1
Great Northern Nekoosa	37	31¼	18.4	3.25	4.72	7.8	5.74	6.4	3.8
Great Western Finl	21¼	18¼	16.4	2.08	3.46	6.1	3.77	5.6	4.1
Greyhound	22⅜	19⅞	13.8	1.91	2.76	8.2	3.50	6.5	5.3
Halliburton	33¼	32	3.9	2.66	3.37	9.9	4.42	7.5	5.4
Hercules	34⅜	27⅞	23.3	3.17	3.89	8.8	4.56	7.5	4.2
Interco	62⅜	56¼	11.3	7.02	8.24	7.6	9.08	6.9	4.9
International Paper	53¾	46¼	16.2	4.61	5.38	10.0	7.22	7.4	4.5
InterNorth	37½	35⅜	6.0	4.77	5.67	6.6	6.20	6.0	6.6
James River	30⅞	25¼	22.3	3.40	4.42	7.0	4.32	7.1	1.8
K mart	34½	29½	16.9	3.80	4.47	7.7	5.01	6.9	3.6
Kerr-McGee	29½	27⅜	7.8	2.24	3.35	8.8	3.99	7.4	3.7
Koppers	21	18¾	12.0	0.60	1.87	11.2	2.86	7.3	3.8
Libbey-Owens-Ford	47⅞	45¼	5.8	3.18	5.96	8.0	7.17	6.7	2.5
Lockheed	44½	36¾	21.1	4.18	5.18	8.6	6.34	7.0	1.3
MAPCO	24¼	23⅛	4.9	1.73	2.86	8.5	3.37	7.2	4.1
McGraw-Edison	36	32⅜	10.3	1.92	3.77	9.5	4.86	7.4	5.6

Sources: Lynch, Jones & Ryan's Institutional Brokers Estimate System (IBES) via Micro/Scan Data on Diskette from ISYS Corp.; Forbes.

Statistical Spotlight

The real question is whether this year's August rally is similar to the events of two years ago. In August of 1982, the economy was on the verge of pulling out of a deep recession, short-term interest rates had been falling for weeks and the S&P's 500 was selling at an average of only 6 times 1983 earnings estimates. In retrospect, conditions looked ripe for the Dow to gain 500 points to its peak in January of this year.

Is another surge coming, or is the market's recent move just another false alarm like the one that sounded early in January? Any sustainable rally must overcome investor concern about interest rates, the strength of the dollar, budget deficits and the speed of the economy's recovery. No wonder Wall Street is hesitating after an extremely strong start.

If the prophets of gloom and doom are wrong, however, many of the bargains listed on these pages will not last for long. Sharp-eyed contrarians have already bagged nice profits in the past few weeks. But these gains may pale by comparison if another buying scramble begins. ■

Bargain hunter's banquet

Company	Stock price recent	Stock price 7/24/84	Stock price % change	1983 EPS	1984 earnings estimate per share	1984 earnings estimate P/E	1985 earnings estimate per share	1985 earnings estimate P/E	Indicated yield
Mead Corp	38⅝	33	17.0%	$1.30	$4.18	9.2	$5.37	7.2	2.6%
Monsanto	48¾	42⅞	13.7	4.88	6.46	7.5	7.34	6.6	4.7
Natl Distillers & Chem	26⅛	24⅜	6.1	1.77	3.14	8.3	3.65	7.2	8.4
NCR	27¼	21⅜	27.5	2.64	3.17	8.6	3.62	7.5	2.9
Norfolk Southern	57	49⅜	15.4	5.67	7.33	7.8	8.15	7.0	5.6
Northwest Airlines	37⅞	34⅝	9.4	2.19	4.66	8.1	5.59	6.8	2.1
Olin	30½	27	13.0	3.01	3.88	7.9	4.80	6.4	4.3
Owens-Corning Fiberglas	30⅛	25⅛	19.9	2.77	4.54	6.6	5.35	5.6	4.0
Owens-Illinois	39	35	11.4	2.46	4.50	8.7	5.37	7.3	4.3
PACCAR	49	41½	18.1	2.07	5.72	8.6	7.34	6.7	2.4
Pacific Gas & Elec	14⅝	14	4.5	2.15	2.56	5.7	2.64	5.5	11.8
Panhandle Eastern	34⅝	34	1.8	3.64	4.49	7.7	5.32	6.5	6.6
Phibro-Salomon	30⅜	22	38.1	3.35	3.86	7.9	4.53	6.7	1.8
PPG Inds	33½	28⅜	18.1	3.34	4.55	7.4	5.30	6.3	4.3
Rohm & Haas	61¼	49¼	24.4	5.33	7.28	8.4	8.06	7.6	3.3
Scott Paper	30¼	26¼	15.0	2.58	3.54	8.7	4.37	7.0	3.6
Sears, Roebuck	36⅛	30½	18.4	3.80	4.45	8.1	5.08	7.1	4.9
Southland	29¼	25½	16.7	3.26	4.46	6.7	5.57	5.3	3.1
Sperry Corp	41⅛	35⅛	17.1	3.86	5.40	7.6	6.35	6.5	4.7
AE Staley Mfg	23⅞	18⅜	28.2	0.31	1.40	17.1	3.22	7.4	3.4
Std Oil of Indiana	56¾	54½	4.1	6.39	7.43	7.6	8.28	6.9	5.3
Std Oil of Ohio	46½	43⅞	6.0	6.14	7.06	6.6	7.68	6.1	5.6
Temple-Inland	34¼	27	26.9	1.99	3.87	8.9	5.17	6.6	1.5
Tenneco	38	35½	7.0	4.75	5.64	6.7	6.42	5.9	7.4
Texas Eastern	31⅛	28⅛	10.7	2.98	3.86	8.1	4.39	7.1	7.1
Timken	56⅛	53	6.4	0.05	5.22	10.8	7.27	7.8	3.2
Transamerica	25⅛	21½	18.0	2.77	3.20	7.9	3.62	7.0	6.1
UAL	36⅛	33⅞	7.4	3.88	6.02	6.0	7.13	5.1	—
Union Carbide	55⅛	48⅞	13.8	3.11	6.85	8.1	8.59	6.5	6.1
United Energy Res	24	22¼	5.5	1.04	3.29	7.3	3.90	6.2	10.3
US Gypsum	57¾	48¾	18.5	4.77	10.46	5.5	11.16	5.2	4.5
Upjohn	52¼	47⅝	9.7	5.28	6.05	8.6	6.64	7.9	4.9
USAir Group	27⅞	22½	23.9	3.49	4.28	6.5	5.03	5.5	0.4
Westinghouse Elec	25⅜	20½	23.8	2.54	3.01	8.4	3.53	7.2	3.9
Westvaco	38⅞	35	11.1	2.30	4.16	9.3	5.29	7.3	3.1
Whirlpool	45¼	39¼	15.3	4.58	5.48	8.3	5.95	7.6	4.4
Williams Cos	26¼	23½	13.8	1.79	3.93	6.8	4.70	5.7	4.5
FW Woolworth	37½	34¾	7.9	3.72	4.47	8.4	5.16	7.3	4.8

Sources: Lynch, Jones & Ryan's Institutional Brokers Estimate System (IBES) via Micro/Scan Data on Diskette from ISYS Corp.; FORBES

When little companies are flush with funds, should you rush to buy stock? Not without doing plenty of homework.

Idle cash, the investor's playground?

By Leslie Pittel

SUPPOSE YOU COULD buy a stock where the cash value per share was greater than the market price. In theory, what a bargain: A greedy takeover artist would surely step in and liquidate, rewarding you with a handsome profit.

In practice, however, the world doesn't always work that way. RegO Group, for example, makes valves in Chicago; it has $12.22 per share in cash, and its stock recently sold for 7⅜. Don't call your broker, though. RegO is 90% owned by the Pritzker family's Marmon Group. Not a chance of a takeover. Little possibility even of fat dividend payments.

That's why looking at tempting, cash-rich firms is a real detective game. Sure, a fat bank account is nice on a rainy day, but piles of money on the floor can just as easily mean poor management. Or a family-controlled business may be hoarding funds to avoid double taxation. If that lures an outside bidder, wonderful. If not, there is no guarantee that shareholders will benefit.

Patricia McDonnell

With all this in mind, we screened the Standard & Poor's Stock Guide database to find companies with cash/price ratios of 50% or better. We looked for firms with under $150 million in sales, eliminating all foreign and financial stocks and closely held companies. We included only those firms whose debt is less than 50% of equity. Highly leveraged businesses are less likely to be taken over.

At first glance all 11 of the companies below look mouth-watering. But several of these firms, such as Cook Data Services, Renal Systems and Wicat Systems, are newly public. They have yet to spend money they raised during the new issues boom.

Half of the firms on our list are losing money. Some, like Key Co. and AIC Photo, have significant family ownership. And other firms that look profitable are in trouble. Esquire Radio & Electronics, for example, recently lost its biggest customer, Montgomery Ward. Then there's EDO Corp., a defense electronics firm. Just over half of its cash is in the form of contract advances, money that is earmarked to be spent on pending projects.

The point here is that each of these businesses is flush with funds for a different reason. A little sleuthing, and there may well be bargains here. But even though numbers are important, they won't tell you the whole story.

Money in the bank

These firms are all loaded with cash, and several of them are also selling for less than book value. But stocks are usually cheap for a reason. Half these companies are losing money. In other cases, earnings may fall fast.

Exch	Company/business	Price recent	Price 52 weeks high	Price 52 weeks low	EPS	P/E	Cash/ price	Debt/ equity	Book value	Current ratio	Sales ($mil)
a	**Selas Corp of America**/indus machinery	4⅞	6⅝	3⅛	–$1.42	NM	155%	0.0%	$ 4.11	1.11	$ 22.48
a	**Esquire Radio & Elec**/electronics	31	31⅛	24⅜	5.11	6.1	154	0.5	41.61	4.38	67.57
o	**Cook Data Services**/computer svcs	3¼	9½	3	0.15	21.7	115	0.0	4.70	14.85	5.63
a	**AIC Photo**/photo equip, finishing	1⅝	3⅜	1¼	–1.32	NM	96	2.5	3.37	1.37	21.78
n	**EDO Corp**/electronics	16½	20¼	13	1.25	13.2	78	7.4	7.69	1.71	110.56
o	**202 Data Systems**/computer svcs	3½	12	3¼	0.12	29.2	78	28.2	3.45	8.66	1.85
o	**Clinical Data**/health care equip	1½	4⅛	1	–0.02	NM	70	21.7	2.06	3.89	7.98
o	**Wicat Systems**/computer equip	2½	13¼	1⅞	–0.76	NM	70	1.2	2.99	7.96	23.23
o	**Integrated Genetics**/medical lab, resch	3⅜	9¾	2⅞	–0.17	NM	70	14.2	2.65	19.72	3.05
o	**Renal Systems**/health care equip	5¾	13⅜	4¼	0.49	11.7	67	14.5	5.71	4.37	10.53
a	**Key Co**/home-building	7¼	10⅜	5¼	–0.56	NM	63	0.3	8.37	3.78	18.67

a: American Stock Exchange. o: over-the-counter. n: New York Stock Exchange. NM: Not meaningful.

Sources: Standard & Poor's Stockpak-II System; FORBES

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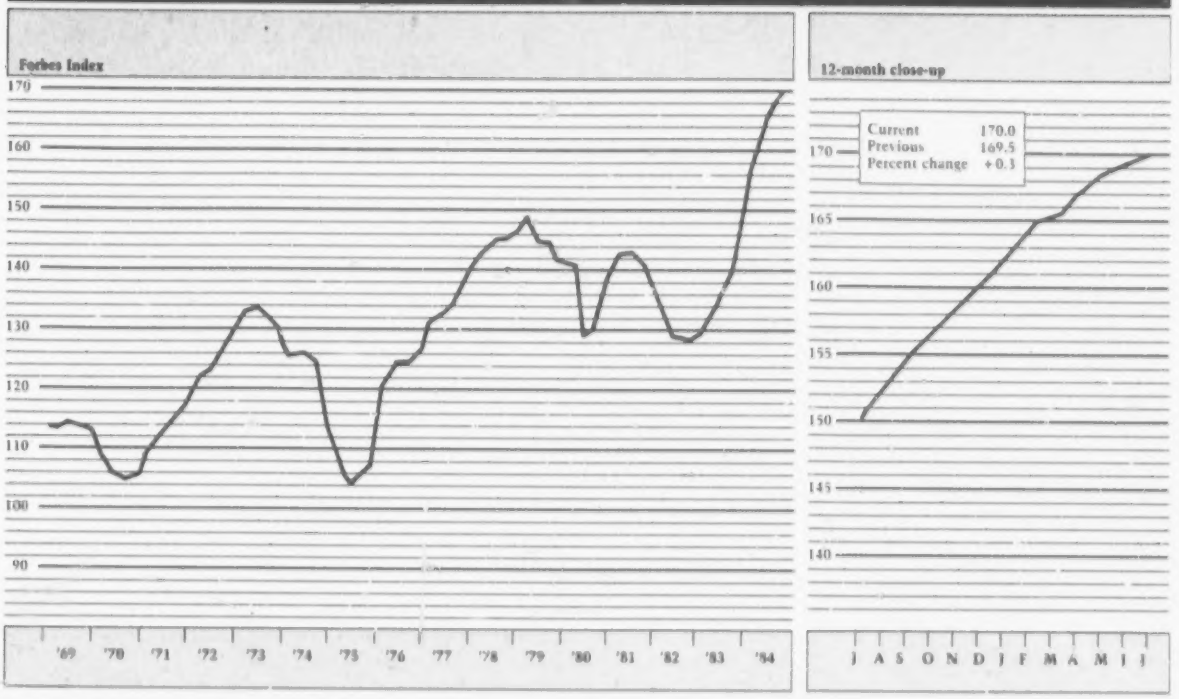
Cover photo by: Steven Pumphrey

The Forbes Index



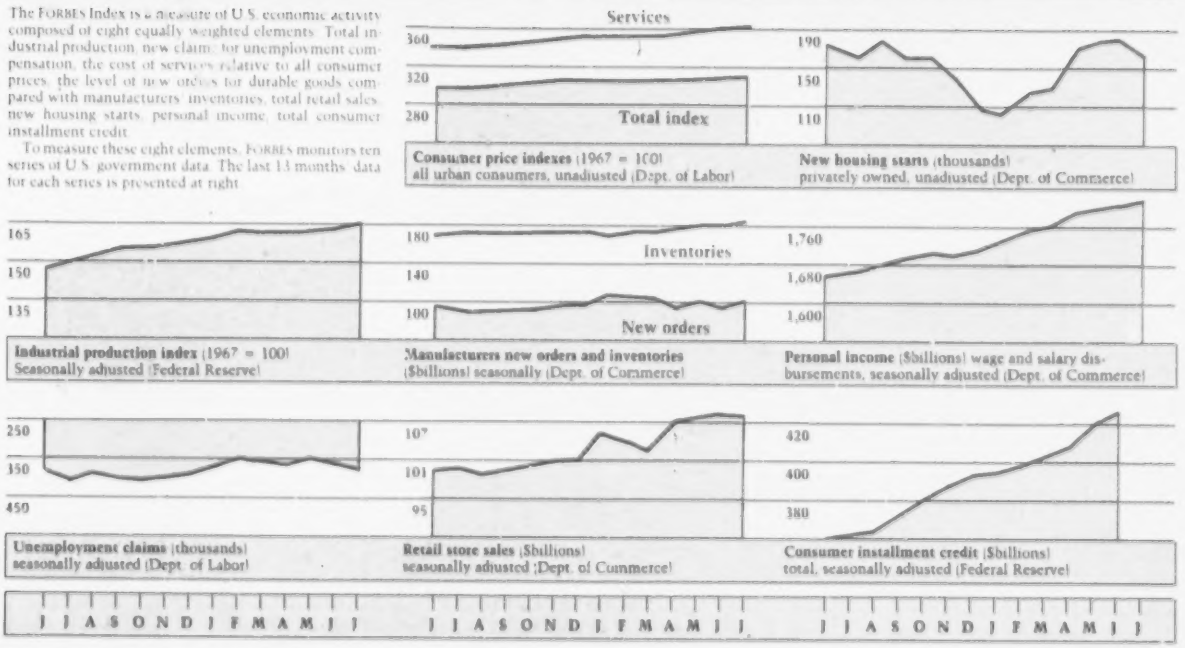
Close to peaking? The Forbes Index registered one of its smallest advances in months, further evidence that the economy is slowing down. This time it was a sharp decline in new housing starts that confined the overall Forbes Index to only a 0.3% increase. The real culprit, of course, is high interest rates, which are keeping many people out of the housing market.

On the positive side, manufacturers' new orders rose 1.3% over the previous month, while inventories increased by only 1.1%. Other encouraging news came from the overall Consumer Price Index, which gained 0.3%, or only 3.6% on an annualized basis. But the services component of the CPI still continues to rise at a much faster rate. It was up 0.7% in July, or 8.4% on an annualized basis.

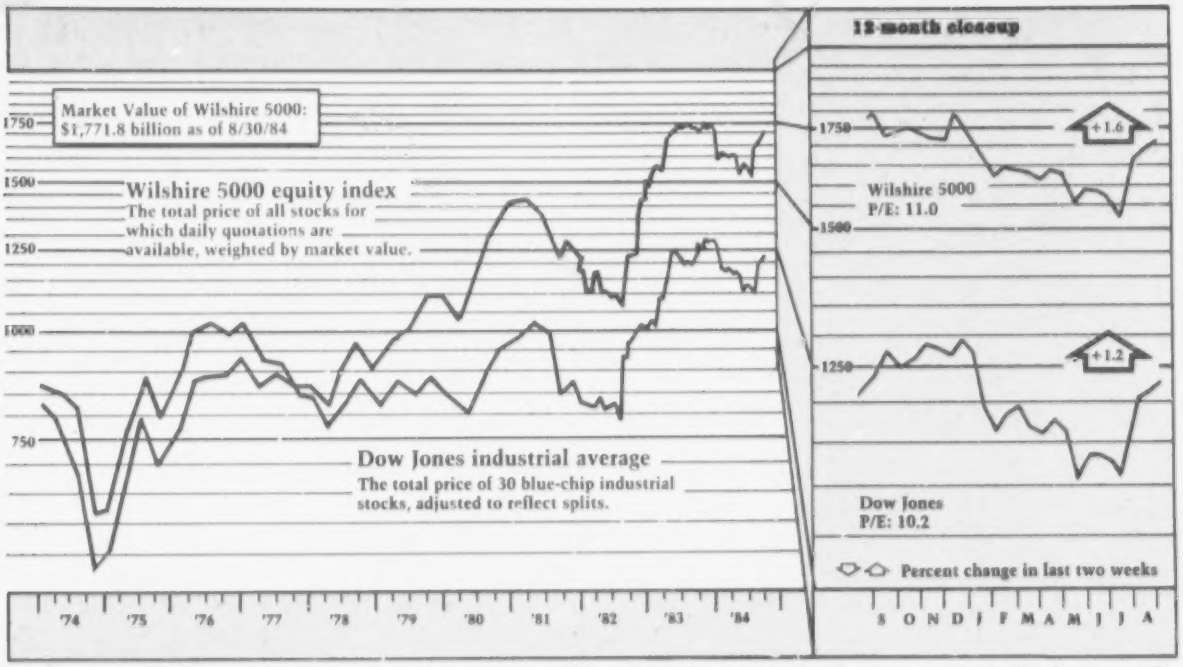
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review


12-month closeup
Market Value of Wilshire 5000: $1,771.8 billion as of 8/30/84
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84
+1.6
Wilshire 5000 P/E: 11.0
+1.2
Dow Jones P/E: 10.2
Percent change in last two weeks
S O N D J F M A M J J A

Gaining credibility. As summer wound to a close Wall Street cooled down considerably. But this milder atmosphere may help sustain the rally. Despite the slower pace, stocks continued on their upward trek. During the most recent two weeks the Dow industrials made a modest 1.2% advance, while the NYSE composite index gained 1.7%. NASDAQ shares performed in line with the Big Board. But the most impressive gains were registered by Amex issues, which were up 3.5% during the period. Even with these relatively small gains of the last two weeks the market still sports an impressive record for a four-week performance. The major indicators show gains ranging from 9.1% for the Amex to 4.9% for the Dow. The Wilshire index, which now measures more than 5,600 issues, registered a 5.7% increase.

Our investor yardsticks indicate broad-based buying activity. For example, during the last four weeks high-P/E stocks gained 6.5% and low-P/E stocks gained 6.1%. Investors also showed little difference in their preferences for high-priced and low-priced issues. The main distinctions were between high-volatility shares, which gained 7.7%, and low-volatility issues, up 4.6%; and between high-growth shares, up 7.2%, and low-growth shares, with only a 4.4% gain.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.7	5.1	4.9	5.6	9.1	6.6
in last 52 weeks	–2.0	1.6	1.4	1.0	–6.8	–13.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.2	4.3	7.7	4.6	6.5	6.1	4.7	6.5	7.2	4.4	5.7	5.8
in last 52 weeks	–0.5	–10.0	–14.0	7.5	–18.6	–0.6	5.2	–9.4	–13.8	7.3	5.3	–16.2

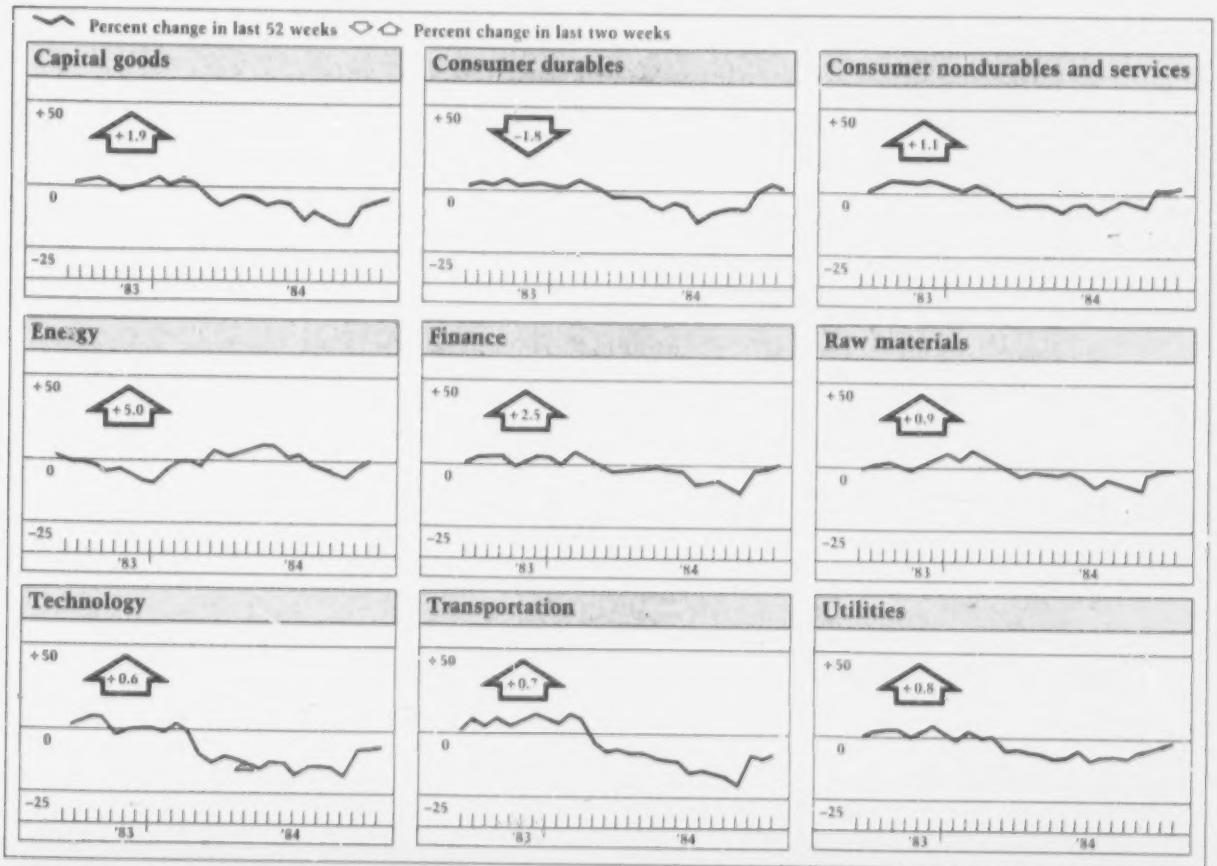
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/30/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Hot oils in a cool market. After several false starts the long-beleaguered oil stocks finally seem to be on the mend. Since the start of the August rally, energy shares have been outstanding performers. During the last two weeks oil issues registered a 5% gain. Meanwhile, the Wilshire index gained only 1.6%, and the second-best performing group, finance, was up only 2.5%. For the last four weeks the oils have sported an 11.9% gain, vs. a 5.7% rise in the Wilshire index and a 6.9% advance for second-place technology shares.

The only other groups showing two-week gains of more than 1% were consumer nondurables and capital goods. One group, however, consumer durables, lost ground during the last two weeks.



What The Analysts Think

Still cutting after all these months. Analysts continue to scale back 1984 earnings estimates for most Wilshire sectors. During the last two weeks the sharpest reductions were made in estimates for the transportation group. Meanwhile, analysts became just a bit more optimistic about the prospects for utility issues.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.02	11.7
1984 estimates	3.93	8.9
1985 estimates	4.70	7.2

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Utilities	$3.51	0.09%	-0.22%
2	Capital goods	2.40	-0.04	-0.22
3	Consumer durables	3.38	-0.28	-0.59
4	Consumer non-durables	2.63	-0.84	-1.44
5	Technology	2.03	-1.01	-3.58
6	Raw materials	2.69	-1.02	-2.64
7	Energy	2.66	-1.59	-1.05
8	Finance	3.49	-1.95	-1.33
9	Transportation	2.62	-2.39	-1.14

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 8/30/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Shelley Field

Statistical Spotlight

Three years ago, we picked out 105 stocks that looked like bargains. Now they are up by 145%—three times the market's overall gain. Naturally, we've got another list.

Smart? Or just lucky?

Charles Waller

By Leslie Pittel and Barbara Kallen

WE REGULARLY MONITOR results for the stock portfolios we create in this column. Sure, the theory behind a particular list tends to be interesting in its own right. But try buying dinner with a theory.

One of our favorite features, which we usually label "loaded laggards," seems to beat the market with surprising regularity. The list of 105 loaded laggards that appeared in our Oct. 26, 1931 issue has reaped a return of 145%—excluding dividends. Not bad, especially when you consider that the market is up only 46% over the same period.

We use several criteria to create our loaded laggard portfolios. Basically, we try to find companies that look cheap and seem otherwise healthy.

Book-value bargains

These 92 stocks all sell below book value, as the ratios in column seven below indicate. Each company is currently making money and, as shown in column three, also has a positive earnings growth rate over the past four years. In addition, many of these firms have a price/earnings multiple well below the market average.

New York Stock Exchange

Name/business	Recent price	52-week high	52-week low	4-year earnings growth	EPS	P/E	Book value	Price/ book	Debt/ equity	Yield	Sales ($mil)
Adams-Millis/textiles	15¼	18⅞	11⅞	144%	$ 0.95	16.1	$15.97	0.95	65.0%	1.8%	$ 82.8
Anderson Clayton/food processing	29¼	33½	24½	8	2.83	10.5	46.18	0.64	6.1	4.4	1,390.4
Applied Magnetics/computers	10¼	33⅛	8	1	0.80	13.4	14.02	0.77	2.8	—	101.6
Armstrong Rubber/tires	19	19¼	15	33	2.54	7.5	20.57	0.92	34.7	2.5	594.7
Burlington Inds/textiles	25⅛	43	23	3	4.11	6.1	42.70	0.59	37.1	6.5	2,990.4
Burlington North/transportation	44¼	54¼	35	7	7.02	6.3	50.39	0.88	73.0	2.3	4,508.2
Control Data/comp svcs and equip	33⅛	57⅛	24⅛	4	3.42	9.7	47.13	0.70	290.5	2.0	4,582.8
Easco /tools	14	22⅞	12⅞	2	1.32	10.6	17.37	0.81	54.4	6.3	492.6
Fabri-Centers of Am/spec retail	10½	13⅞	9⅛	6	0.89	11.8	11.73	0.90	10.3	2.7	209.4
Firestone Tire & Rubber/tires	18⅛	23⅞	15¾	5	1.83	9.9	26.66	0.68	24.0	4.4	3,866.0
Fischbach/electric contractor	43¾	55½	40¾	22	5.32	8.2	48.35	0.90	18.5	6.1	1,339.0
Ford Motor/autos	45½	47⅜	33	15	15.97	2.8	46.01	0.99	31.6	3.5	44,454.6
Goodyear Tire & Rubber/tires	27⅜	33½	23	11	3.97	6.9	28.61	0.96	20.7	5.1	9,735.8
Grolier/publishing	3⅛	5⅛	3	218	0.77	4.4	3.60	0.94	247.7	—	286.2
Intl Multifoods/food processing	24½	34	23	19	3.44	7.1	25.03	0.97	45.9	7.2	1,067.2

Book-value bargains

New York Stock Exchange

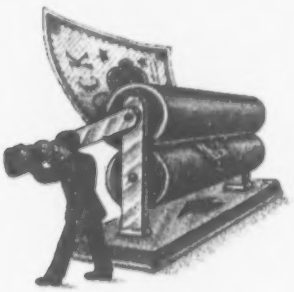
Name/business	Recent price	52-week high low	4-year earnings growth	EPS	P/E	Book value	Price/ book	Debt/ equity	Yield	Sales ($mil)
Jewelcor/specialty retail	6⅞	9 – 5⅞	2%	$0.48	14.3	$14.32	0.48	51.0%	—	$ 195.7
Mohasco/home furnishings	19¾	24¼–16¼	17	2.47	8.0	30.90	0.64	28.6	1.6%	643.8
Morrison-Knudsen/construction	29⅜	32⅜–26¼	8	3.99	7.4	33.09	0.89	17.1	4.8	2,166.0
Morse Shoe/retail	22¼	35⅞–21⅜	6	3.28	6.8	23.19	0.96	41.3	3.6	523.0
GC Murphy/retail	33¼	41½–26	21	4.34	7.7	35.29	0.94	42.3	4.2	872.2
Murray Ohio Mfg/bikes, mowers	20⅞	29¾–20	1	2.33	9.0	28.90	0.72	23.1	5.7	386.5
Pueblo Intl/supermarkets	11	11¾– 7⅛	4	1.18	9.3	11.39	0.97	88.7	1.5	476.8
Puerto Rican Cement/cement	8½	12¼– 5½	9	2.38	3.6	14.80	0.57	134.4	—	57.2
Scot Lad Foods/food processing	6⅞	12⅞– 6	27	1.30	5.3	8.82	0.78	76.6	—	886.7
Springs Inds/home furnishings	34⅜	40⅜–31¼	1	4.59	7.5	48.09	0.71	10.6	4.4	894.4
Suave Shoe/footwear	7⅜	9⅜– 6¾	9	0.37	19.9	11.14	0.66	22.8	4.1	111.5
Tandycrafts/leather products	13½	17½–11⅞	17	1.07	12.6	14.44	0.93	0.0	—	61.1
United Brands/food processing	16¼	21¾–13⅛	9	3.43	4.7	17.37	0.94	172.9	—	3,360.4
West Point-Pepperell/apparel	39	54⅞–34⅜	20	5.97	6.5	43.87	0.89	22.5	5.6	1,206.3
Wolverine World Wide/footwear	11¾	20⅛– 9¾	4	0.69	17.0	15.36	0.76	33.8	4.1	353.1
Zapata/construction, oilfield svcs	20¼	24⅞–15¼	27	1.42	14.3	22.39	0.90	112.5	4.1	443.0

American Stock Exchange

Name/business	Recent price	52-week high low	4-year earnings growth	EPS	P/E	Book value	Price/ book	Debt/ equity	Yield	Sales ($mil)
Alba-Waldensian/apparel	8⅜	17⅜– 8⅛	69%	$1.45	5.8	$12.48	0.67	24.8%	2.4%	$ 46.7
Avondale Mills/textiles	18¼	25⅜–17¼	87	3.10	5.9	26.65	0.68	27.7	4.4	302.1
Barco of California/apparel	3⅜	6 – 3⅜	4	0.25	13.5	5.80	0.58	0.5	3.6%	24.3
Blessings/health care products	22¼	26 –17⅜	35	2.52	8.8	22.60	0.98	44.9	3.6	43.6
CHB Foods/food processing	11½	15½–10¼	6	1.49	7.7	13.00	0.88	18.1	1.7	291.7
Diamond Bathurst/containers	9½	12⅛– 8	8	1.21	7.6	9.87	0.94	54.8	2.2	62.4
EAC/military equipment	8¼	14⅜– 7	5	0.95	8.7	8.66	0.95	81.3	4.8	38.8
Esquire Radio & Elec/electronics	30⅛	31¼–24¾	24	5.11	5.9	41.59	0.72	0.5	2.4	67.6
Galaxy Carpet Mills/carpets	13⅛	22½– 9⅛	58	2.20	6.0	13.68	0.96	77.9	—	200.1
Gaylords National/retail	9⅛	11 – 7	62	0.73	13.2	11.85	0.81	81.0	—	142.9
Intercole/plastic and rubber	6⅛	10⅛– 5⅛	6	0.79	7.8	7.81	0.78	21.4	—	29.9
Metex/apparel	11⅞	15⅝–11¼	4	0.81	14.7	16.26	0.73	31.6	—	14.9
Mid-America Industries/auto parts	8⅝	10⅛– 8⅛	18	0.87	9.9	11.60	0.74	36.6	4.6	83.9
MSI Data/computers	10¼	21⅝– 9½	10	1.38	7.4	11.58	0.89	3.9	3.9	61.2
Newbery Energy/elec contracting	5⅛	10½– 4⅝	56	1.29	4.0	5.64	0.91	118.2	—	68.2
Noel Inds/apparel	2¾	5⅞– 2¼	59	0.30	9.2	6.45	0.43	10.0	—	36.0
Olla Inds/handbags	19¾	22⅝–16⅞	43	1.47	13.4	24.97	0.79	0.0	2.0	5.9
Pantasote/plastics and rubber	6⅛	11⅛– 5⅛	7	0.32	20.7	7.97	0.83	39.8	—	139.9
Penn Traffic/supermarkets	18⅝	26½–17⅞	3	2.80	6.7	25.46	0.73	70.1	6.4	518.9
Perini/construction	26⅛	33¾–23	15	2.85	9.3	29.41	0.91	19.7	3.0	852.4
Riblet Products/mftrd housing	11⅛	18¼– 9⅜	12	1.32	8.4	13.53	0.82	7.3	1.8	119.2
SE Nichols/retail	7½	11⅞– 5⅛	17	1.52	4.9	8.54	0.88	78.6	—	277.3
Shopwell/supermarkets	12¼	24⅜– 9½	13	0.89	13.8	19.63	0.62	111.6	1.3	511.9
TeleConcepts/telecommunications	3⅜	27 – 3⅜	NM	0.54	6.7	6.71	0.54	8.0	—	34.5
Trans-Lux/info display	10⅛	16⅜– 9⅞	7	1.37	7.4	13.63	0.74	25.7	1.0	28.0
Virco Mfg/furniture	13¾	14½–10⅛	134	1.69	8.1	14.16	0.97	73.1	0.3	137.0
Vulcan Corp/footwear	14½	17⅛–12¾	4	1.88	7.7	15.27	0.95	6.8	3.4	29.8

NM: Not meaningful.

Statistical Spotlight



We look at sales and earnings ratios, debt levels and other measures of corporate vitality. But regardless of how we evaluate these criteria, we put the most emphasis on companies trading at less than book value.

Since our 1981 effort fared so well, we decided to do a repeat performance. This time we applied the same tough criteria that we used three years ago to the Disclosure database of more than 8,500 stocks. In addition to selling below book, the 92 companies on our new lists have had positive earnings over the latest 12 months. They also have positive average annual earnings growth rates over the past four years. Finally, since so many financial firms and utilities meet these statistical requirements, we eliminated these from our list.

Will all the loaded laggards of 1984 be winners? Certainly not. Our past lists have included a sprinkling of bankruptcies and other firms that barely limp along. The market often puts low prices on stocks for a good reason. In fact, some of the companies in our current portfolio—including Goodyear Tire & Rubber and Alba-Waldensian also showed up in 1981.

The beauty of these lists—one apiece for the NYSE, the Amex and the over-the-counter market—is that much of the downside risk is limited. The stocks that you see here are already dirt-cheap, while the potential for future gains is sky-high. ■

Book-value bargains

Over-the-counter stocks

Name/business	Recent price	52-week high low	4-year earnings growth	EPS	P/E	Book value	Price/ book	Debt/ equity	Yield	Sales ($mil)
Adolph Coors/brewing	13⅞	29⅛–12	8%	$1.78	7.8	$24.58	0.56	0.0%	2.9%	$1,242.2
Atwood Oceanics/oilfield services	17¾	25 –15¾	110	1.23	14.4	27.15	0.65	17.7	—	100.5
Bibb/textiles	22½	23½–16½	26	4.68	4.8	49.62	0.45	40.0	2.7	245.8
Cerberonics/engineering	6	14 – 5¾	129	0.78	7.7	7.15	0.84	0.1	1.7	32.3
Chatham Mfg/upholstery, bedding	20¼	22⅜–19	21	2.93	6.9	28.64	0.71	11.6	4.2	112.2
Clow/water pipes	10	11¾– 7⅞	28	1.01	9.9	13.47	0.74	54.7	2.8	148.0
Cobe Laboratories/health care	10⅜	20⅜– 8¼	4	0.96	10.8	14.34	0.72	11.8	—	118.2
Diamond Crystal Salt/salt	25¼	28⅜–22½	69	4.10	6.3	63.69	0.40	1.7	6.2	96.4
Drug Systems/retail drug	4⅛	7½– 3¼	261	0.56	7.4	5.46	0.76	21.1	—	82.3
Dysan/computer equip	6	29¼– 5¾	198	0.35	17.1	10.73	0.56	11.8	—	180.0
Falstaff Brewing/brewing	4⅛	5⅞– 3⅞	44	0.25	17.5	10.06	0.43	12.3	—	66.5
Figgie Intl Holdings/multico	26¼	27½–21½	9	3.63	7.2	27.87	0.94	71.7	2.6	667.9
Frozen Food Express Inds/trucking	13½	18¼–11½	12	1.99	6.8	20.83	0.65	15.6	2.1	58.8
Gilbert Associates/engineering svcs	22½	27½–21¾	29	2.10	10.7	28.55	0.79	3.2	7.6	238.4
Goody Prods/hair accessories	9½	18⅞– 7¾	5	1.13	8.4	12.74	0.75	28.4	3.2	129.4
Halifax Engr/engr, computer svcs	4	10¼– 3⅜	11	0.42	9.5	4.93	0.81	19.4	1.0	23.4
Horizon Industries/carpets	5	15 – 3½	156	1.04	4.8	6.93	0.72	116.0	—	153.7
Laclede Steel/steel	15	17½–13¼	484	1.75	8.6	26.51	0.57	44.4	—	190.1
Lynden/trucking	22	28½–17	86	3.32	6.6	23.96	0.92	40.4	—	103.3
Noland/mech, elec equip	19¼	21½–14¾	7	2.42	8.0	28.66	0.67	20.7	2.9	289.9
Patrick Inds/home furnishings	6⅜	13¼– 5⅜	62	1.20	5.5	8.73	0.76	12.7	—	103.3
Rangaire/home appliances	6¼	7¾– 5⅜	12	0.48	13.0	7.92	0.79	32.6	3.8	87.0
Rowe Furniture/furniture	6⅜	8⅞– 6	65	1.23	5.2	8.21	0.78	43.6	2.7	60.5
Royale Airlines/airline	5½	9¾– 5	135	0.55	10.0	7.07	0.78	121.4	—	15.5
Salem Carpet Mills/carpets	2¾	7⅛– 1⅞	221	0.42	6.5	3.80	0.72	42.4	—	250.8
Std Commercial Tobacco/tobacco	17	21 –16	153	2.72	6.3	24.09	0.71	30.9	2.6	447.2
System Inds/computer equip	6⅜	18 – 4½	54	0.56	11.8	7.72	0.86	9.4	—	53.1
Tony Lama/footwear	13⅛	17⅛–10½	135	1.56	8.4	17.02	0.77	19.4	6.1	79.0
Topsy's International/fast food	3⅞	4 – 2⅝	55	0.28	13.8	4.81	0.81	1.6	—	16.3
Waldbaum/supermarkets	18	21¼–14½	35	2.35	7.7	21.76	0.83	86.8	—	1,491.4
Wavetek/electronics	6¼	17⅛– 5⅜	2	0.42	16.1	8.00	0.84	4.2	—	84.0
Westmoreland Coal/coal mining	21	27½–20⅛	159	1.93	10.9	27.41	0.77	37.3	1.9	549.3
WW Williams/industrial equip	7½	9 – 6¾	52	1.42	5.3	15.28	0.49	100.4	5.3	97.6
Wm E Wright/sewing products	9⅛	11¼– 8½	57	0.90	10.1	13.10	0.70	5.2	4.2	58.3

Source: Disclosure II via MicroScan Data on diskette from ISYS Corp.

the Shearson Lehman index. "We're yield buyers," says Brad Hanson of the Franklin fund, which invests mostly in California securities. Mutual, with an unusually long 29-year average maturity for its portfolio, didn't trade much during two years when Stein-Roe and Price traded heavily. The fund, which charges a high 8% load, also had four managers in the 4½-year period.

Why would anyone pay 8% to get into such a passive investment? Why do fundholders tolerate multimillion-dollar fees that managers of even the no-load funds pull down every year? There has been some resistance, although it has not been effective. A lawsuit in 1977 against Fidelity Management & Research over its municipal bond fund was dismissed in 1981.

The municipal bond funds, which have more than $17 billion under management, have this going for them: They are often the lesser of two evils. The alternative is to buy bonds in small lots directly from a broker, and pay hidden sales commissions of 1% to 2% or even 3%. Hidden, because bonds are priced net, with infrequent disclosure of how much the broker has marked them up.

Considering the alternative, the better-performing bond funds don't look too bad. But remember that markets change, and today's hot performers may turn cold. If the bull market in bonds that began this summer continues, some poor-performing funds invested long term would come out on top.

Correction

The 1984 Mutual Fund Survey (FORBES, *Aug. 27*) understated the long-term performance of nine funds. As a result, Guardian Park Avenue Fund (212-598-8259) was erroneously omitted from the FORBES honor roll. The revised data, with new ratings where applicable, appear below:

Fund	Market performance UP	Market performance DOWN	Av annual return 1974-84
Eagle Growth Shares	C	D	16.8%
Farm Bureau Gr Fd	D	C	14.8
Guardian Park Ave Fd	B	B	22.1
Merrill Lynch Cap Fd	D	C	14.6
Mutual Benefit Fund	D	D	12.9
Oppenheimer Spec Fd	A	C	28.7
Precious Metals	A	D	14.4
Sierra Growth Fund	C	F	14.6
Spectra Fund	A+	D	25.1

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Forbes

The 400 Richest People in America

The Forbes Four Hundred

1984 Edition

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Volume 134
Number 8

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Cover lettering by Marcy Kass

The 400 Richest People in America

An inquiry into the holders of great wealth in America, with notes on the sources of that wealth, the careers of the people who control it and its effect on their lives.

By Richard Behar with Jeff Bloch

Edited by Harold Seneker

Illustrations by Phil Huling

CALCULATING the wealth of the richest Americans is like trying to keep score in a high-stakes, permanently floating poker game with hundreds of players and never a break in the action. Takeovers, mergers, acquisitions, leveraged buyouts and other megadeals, some involving billions of dollars, were at a historic high in the past year. The Stuarts, for example, had $600 million in Carnation stock when we priced it for this listing in August *(see Rules, p. 72)*; the same stock was worth about $720 million after Nestlé bid for it in September.

This year's Four Hundred collectively had a net worth of $125 billion, $7 billion more than last year's Four Hundred. Much of the $7 billion rise has occurred away from Wall Street. The value of TV and radio stations—often privately held—is steadily rising, now that the FCC is relaxing multiple-ownership rules. Real estate values, too—especially in New York City—are generally on the upswing *(see box, p. 70)*.

The past year's change in total net worth was small stuff compared with the $26 billion increase the year before. Nevertheless, in 1984 you have to meet a $150 million minimum—be a "sesquicentimillionaire"—to be among The Four Hundred.

All told, 44 new players are now at our table. A year of means 44 old ones gone, including comedian Bob Hope *(see story, p. 34)*. "How could I get $200 million?" he quipped last year. "I don't even play basketball." Gone, too, is Arthur Jones, maker of Nautilus bodybuilding equipment; the size of his privately held company had been overestimated.

The superrich were far more approachable in 1984. Most were interviewed by telephone, and many were willing to meet with us directly—sometimes on the record, some-

additional research yielded some names that eluded us in the past. Our scout in the Deep South fished John Harbert out of Birmingham, Ala. Harbert runs a vast, private construction empire and is worth an estimated $500 million. Thomas Monaghan, once a homeless kid from Ann Arbor, Mich., enters the list with $200 million worth of pizza parlors. Another catch is Laszlo Tauber, surgeon and Washington, D.C. real estate mogul, who came to the U.S. not long after escaping from a Nazi labor camp *(see story, p. 40)*. He's worth $250 million, mostly built up in his spare time.

Nine individuals who were dropped from the 1983 list are back this year. Some rejoined by way of new research (e.g., John Fetzer, Roy Huffington), while others had particularly strong business years (Sherman and Edward Cohen, James Gilmore).

Forty-four new players

times off. Some preferred to talk about their wealthy friends rather than themselves. A few actually worried whether or not they themselves would "make it." Occasionally we were met yet again with silence, sudden dial tones, angry rejoinders—but far less often than in previous years.

This year we have punctuated the entries with certain data—from divorce rates to immigration ratios to the ten most popular alma maters—that shed light on The Forbes Four Hundred as a group. Here and there we were unable to resist including facts that amuse more than inform—Philip Knight's best time for the mile, for example, and Thomas Monaghan's best time for making a pizza.

It should come as no surprise that Gordon Getty again is named the richest American, but there are some, the multibillionaire himself among them, who question our reasoning. True, Getty cannot saunter into his bank tomorrow and withdraw $4.1 billion in cash, but he alone presides over a family trust worth this amount *(see Rules, p. 72)*. "Your rules aren't complicated enough for this case," complained an attorney for various Getty family members, who are now suing to wrest control from Gordon. Perhaps, but Gordon Getty remains the sole trustee unless and until the courts see it differently.

Evaluating private business, alas, is knotty business. For example, *Town and Country* in August published a list of the "largest" family-held companies in America. But they were ranked only by revenues. High on the roster was metals-trading "giant" Mocatta Metals, with an estimated $26.5 billion in annual volume. Huge, yes, but potentially misleading: Profit margins are reportedly less than one-thirtieth of 1%, hardly enough even to consider the Jarecki family, which controls the firm, as Forbes Four Hundred caliber. So, is Mocatta the largest family-owned company in the U.S after Cargill, larger than the Kochs' *(p. 101)*, the Bechtels' *(p. 86)* or Michel Fribourg's *(p. 80)*? Depends on what you mean by large.

WHO MOVED THE MOST?

What a difference a market makes. Last year's Forbes Four Hundred had 116 members whose fortunes had increased 50% or more from our initial listing in 1982. Most of them had an ebullient stock market to thank. This year only 30 members registered such a gain, a mere 3 from Wall Street.

To be sure, the net worths of more than one-third of The Four Hundred increased this year, often because further investigation found new assets. But the declining stock market took the bloom off many a rising fortune—46 on our list, to be exact. Some 33 members whose fortunes are public stockholdings, in the main, fell lower on the list, while 13, including Silicon Valley wizards Robert Noyce and Arthur Rock, fell off entirely *(see p. 188)*. The late summer rally only prevented the carnage from being even worse.

None of this gloom affected the biggest gainer of them all, Gordon Getty, who came away from the Getty Oil takeover battle with a family trust worth $4.1 billion—up $1.9 billion, or 86%, from last year. Fellow billionaire H. Ross Perot also played the acquisitions game well, merging his Electronic Data Systems with GM. His overall $400 million gain increased his net worth 40%.

The biggest loser among The Four Hundred was Kyu-pin Philip Hwang, who with his newly public TeleVideo Systems had vaulted onto the list last year at $575 million. This year a victim of the personal computer wars, Hwang barely hung on at the new cutoff, $150 million—a 74% drop. A dip in the stock price as well as a reallocation of some shares caused billionaire An Wang to drop almost as much, $400 million. But that was a mere 25% decrease in the value of his stake in Wang Laboratories, which remains a healthy $1.2 billion. Poor former billionaire George Mitchell, however, became a demibillionaire, at least for now.

Beyond the stock market, additional research resulted in other big changes among this year's Four Hundred. Interviews with several in the grain trading business led us to increase our ultraconservative valuation of Cargill, Inc. to $1.7 billion, which brought three new members of the controlling MacMillan family onto the list. Similar research convinced us that Michel Fribourg, with 90% of Continental Grain, belonged at $750 million, double his net worth estimate last year.

Further research also led us to reallocate some fortunes within families. Haroldson Hunt III has been ill for a long time, but only this year was it clear that he has been declared legally incompetent. His $400 million in trusts are reportedly controlled by, and now are credited to, his sister, Margaret Hunt Hill, a billionaire on last year's list. Also, we reallocated the fortune of Forrest Mars Sr. to include his two sons, who clearly are running day-to-day operations. Other information about Mars, Inc. led us to increase our estimate of the total fortune to a still conservative $1.5 billion, or $500 million each.

Other private fortune holders didn't need a second analysis; they were just plain busy. Seemingly numberless investment gains by the Bass family, père et fils, added $500 million to last year's $2.5 billion net worth, equally divided five ways.

The hot New York City real estate market provided gains for more than half the 30 members of The Four Hundred in that business. Donald Trump's bustling in Manhattan luxury residences and an Atlantic City hotel raised his net worth to $400 million. The lower net worth attributed to his father, Fred ($200 million), reflects the value of the outer-borough apartments he oversees. The rising value of many apartments in Queens and Brooklyn (because of their potential as co-ops) prompted higher net worths for New York City's biggest landlords, Harry Helmsley and Samuel LeFrak.

So much for changes over the past year. Some things are newsworthy even if they happened ten years ago. We spoke to knowledgeable sources close to Daniel Ludwig who report the shipping tycoon turned over ownership of his foreign assets to his Zurich cancer institute in 1974. He keeps the domestic holdings, which we estimate to be worth $500 million. In addition, it turns out the "father of the supertanker" also is the father of Patricia, an apparently estranged middle-aged daughter living in Stamford, Conn. "Not true," says a spokesman for Ludwig, but legal documents suggest otherwise.

The stream of discoveries is endless. Preparations for the 1985 edition of The Forbes Four Hundred have already begun.

The Forbes Four Hundred

RULES OF THE CHASE

The fortunes of the very rich are difficult to calculate. Often it isn't even clear exactly who owns a great fortune. It is frequently parked at least partly in the names of the immediate family or concealed in private investment companies or, more difficult to find, in trusts, where the separate elements of ownership (control of principal, receipt of income, power to name heirs, etc.) are deliberately spread among different people to defend against the inheritance tax laws.

To arrive at coherent estimates of wealth in this welter, we adopt a number of rules:

- Blocks of publicly traded stock are priced at the market close Aug. 17, 1984.
- Privately held companies are valued according to estimated revenues and earnings and prevailing price/earnings ratios for publicly traded companies in similar businesses.
- When earnings are not estimable, we adopt rule-of-thumb conventions widely followed in respective industries. Newspapers, for instance, can be valued at 1 to 3 times revenues or 12 to 18 times cash flow, less estimated debt. TV stations, cable systems, radio stations and some newspapers are valued for us by authoritative media brokers.
- In some cases we settle for book value. Among oil producers we often do not go beyond putting fair valuation on their oil reserves, to be conservative. In one or two cases (e.g., J.R. Simplot) we must work from estimates published by the general press; these are treated cautiously, since such estimates are often unreliable.
- In the matter of trusts and other intrafamily arrangements, we proceed on a case-by-case basis, applying common sense. Most trusts plainly exist to carry out a normal pattern of inheritance (to husbands, wives or offspring) and to minimize inheritance taxes. We look at who controls the wealth. These trusts are generally attributed to the person who created the wealth, if still alive and in control, or to the principal controlling family member or members (and not the family lawyers) if he is not.

Obversely, spendthrift trusts, meant to keep control out of the hands of beneficiaries, are not credited to the beneficiaries. The estimated trust income is, while principal is generally assigned to the controlling family members.

For an example, consider the Getty family. Gordon Getty is sole trustee of the major family trust, now worth over $4.1 billion. He makes all investment decisions, such as selling out Getty Oil to Texaco, without any other family members. He also controls the actual distribution of the trust income to himself, one brother and nieces and nephews.

The principal is not his to bet at the racetrack or spend on wine, women and song. Otherwise his power is nearly absolute, and he already has more spending money than he can personally use outside the trust. In a practical sense he differs little from the outright heir, properly not spending capital, prudently and responsibly managing a fortune for himself and his family, and for their posterity.

Lawyers sometimes say a trust is "owned" by those who ultimately will receive the principal—here, the next generation of the Getty family. But, in fact, the next generation has no power to spend principal, either, as long as Gordon is alive—and they cannot invest it or disburse income at all. It is difficult to take such "ownership" seriously—if Gordon's wife were pregnant, the unborn child would, according to the lawyers, be counted as one of the richest people in America. Gordon's status as "owner" may be weakened by the limitations of the trust, but the claim of every other Getty to present "ownership" is far weaker still. Where one family member thus controls a fortune, we count him—despite legal artifice—as the practical owner. Meanwhile, for Gordon's brother, Jean Paul Getty Jr., the same trust is effectively a spendthrift trust—he gets only his portion of the income and otherwise has no control or influence whatever. We count his accumulated share of the income as his fortune.

Irrevocable charitable trusts and foundations are not counted at all, even in cases like the Pew family, whose immense charitable trusts are used to retain control of Sun Co., the family company.

Wealth in the names of spouses and other immediate family members is generally assigned to the principal family member, especially where the family ties are close and members share an interest in a business. Exceptions are made where family or business ties have been broken or seriously frayed. ■

One Billion Dollars or More

Gordon Peter Getty

Inheritance. San Francisco. 50. Married, 4 sons. Fourth son, only relative at death, of billionaire Jean Paul Getty 1976 (2 half-brothers deceased; Gordon's elder brother, third half-brother estranged). Sarah C. Getty Trust (named for his late grandmother) owned 31.8 million shares (40.2%) Getty Oil; dispute with management resulted in sale

Pictorial Parade

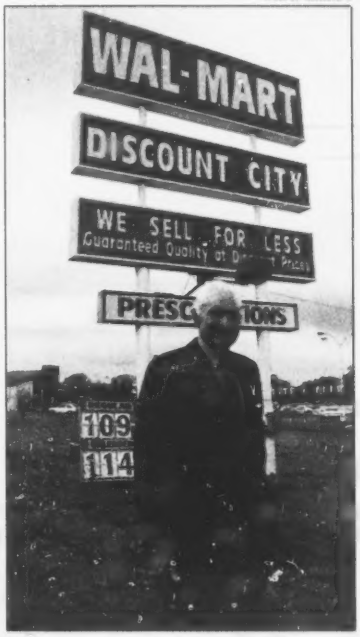
Getty and wife, Ann

of company to Texaco 1984 for $128 per share, almost double price before takeover. Gordon sole trustee, 33% income beneficiary (several relatives, future beneficiaries suing for influence). Trust received $4.1 billion, temporarily in government securities. Composer, pianist, arts patron. "I'm a businessman because I had to be one."

Sam Moore Walton

Wal-Mart Stores. Bentonville, Ark. 66. Married, 4 children. J.C. Penney trainee after college. Opened Ben Franklin five-and-dime 1945 in Newport, Ark. Lost his lease 1950, started again in Bentonville. Had 16 shops by 1962; opened discount store on a hunch with brother James. By 1970, 30 Wal-Marts; went public to raise cash. Now 698 outlets, mainly in Sunbelt towns

Weaver/Camera 5



Walton

under 25,000 pop. Sales over $6 billion 1984. On first-name basis with thousands of employees; visits stores continually. Lives modestly; hunts quail; drinks morning cup in local coffee shop. With family, owns 39%, worth over $2.3 billion. "There was a lot more business in those towns than people ever thought."

David Packard

Hewlett-Packard. Los Altos Hills, Calif. 72. Married; 1 son, 3 daughters. Played football, basketball at Stanford. With $538 and classmate William R. Hewlett *(which see)*, launched California-based electronics firm 1939. He supplied business knowhow; Bill, engineering talent; wives worked to support them. Firm grew into world leader ($4.7 billion sales) by expert management, high technology, R&D, premium quality at a price. First audio-oscillators; later calculators; now small computers; EDP products. Dave imposing at 6 ft. 5; served briefly as deputy defense sec'y for

Packard

Daniels/Black Star

Richard Nixon. Very active; still chairman H-P. His 18%, with dividends, worth over $1.8 billion.

Henry Ross Perot

Electronic Data Systems. Dallas. 54. Married, 5 children. Sharp IBM salesman who couldn't sell boss his best idea: computer facilities management. Quit; founded EDS 1962 on $1,000; didn't own a computer. Built data processing empire on health, welfare accounts. Saw $1 billion evaporate 1970 when hot EDS stock plunged: "My stock was just the pawn in a fool's game." Recouped 1983. Patriotic; tough. Tried in vain to airlift Christmas dinner to POWs in N. Vietnam

Katz/Black Star

Perot

1969. Solved own Iranian hostage crisis: 2 EDS staffers taken 1979; staged successful jailbreak, 540-mile smuggle to Turkish border. Remains CEO of EDS after 1984 merger with GM. His 46% interest (traded for cash and stock) worth $1.2 billion. With substantial other holdings, estimated net worth $1.4 billion.

Nelson Bunker Hunt

Inheritance, oil, real estate. Dallas. 58. Married, 4 children. Second son of H.L. Hunt. He and children share massive Hunt "first family" oil and gas trusts: 19% Placid Oil, 19% Hunt Energy *(see other Hunts, Hill, Schoellkopf. "Second family": see Ray Lee Hunt, et al.)*. Personal interests real estate (over 5 million acres worldwide), agriculture, commodities. Was epicenter of 1980 silver bubble; apparently dreamed of monetizing silver; he, brothers,

Northup/Black Star

Nelson Bunker Hunt

Arab partners acquired nearly 200 million ounces; price plummeted. He and brothers have sold major oil, other assets to pay down $1.1 billion silver bailout loan arranged by Federal Reserve. Donates millions to churches; active with John Birch Society. Minimum net worth, including children's trusts he controls, is $1.4 billion. "We don't get too wrapped up, too excited, too discouraged. We go along at a steady pace."

Margaret Hunt Hill

Inheritance. Dallas. 69. Married, 3 children. Eldest child of H.L. Hunt; she and children share "first family" trusts: 14% Placid Oil, 14% Hunt Energy *(see other Hunts, Schoellkopf. "Second family": see Ray Lee Hunt, et al.)*. Strong-minded; dominates family business meetings. "In our family we don't consider anything social life. Whatever we're doing is all business." Avoids press. Conservative investor: stayed clear of brothers' 1980 silver debacle. After, reportedly insisted "the boys" use additional personal assets to secure principal family holding, Placid Oil: denied by her. Minimum net worth, with children's trusts, control of brother Hassie's trusts *(see Dropouts)*, $1.4 billion.

Hill

New York Times Pictures

Caroline Hunt Schoellkopf

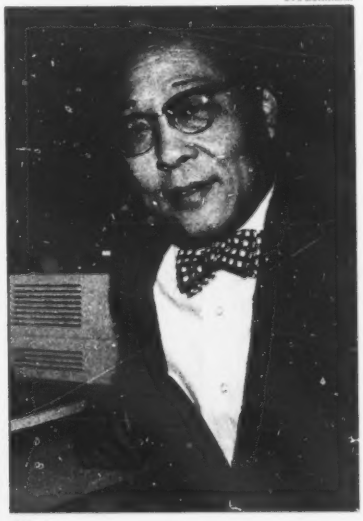
Inheritance. Dallas. 61. Divorced, remarried; 4 sons, 1 daughter by first marriage. Second daughter of H.L. Hunt; with children shares in "first family" trusts: 24% Placid Oil, 24% Hunt Energy *(see other Hunts, Hill. "Second family": see Ray Lee Hunt, et al.)*. Stayed out of brothers' silver play, but leaves oil management to them: "I have no idea where to sink a well." Lately investing in super-luxury hotels, projected at $350 million over 5 years. Already has spent $250 million on hotels in Dallas, Houston, Beverly Hills. Authored pumpkin cookbook. Says sister Margaret: "You would never find Caroline not being nice to people." Including all trusts, minimum net worth $1.3 billion.

Schoellkopf

An Wang

Wang Laboratories, Inc. Lincoln, Mass. 64. Married; 1 son, 2 daughters. Son of high school English teacher, got middle-class upbringing in Shanghai. Recalls "middle class" meant wealth of "maybe $100 American." Played college ta-

UPI/Bettmann



Wang

ble tennis; worked in radio factory during war; emigrated 1945. Got physics Ph.D. Harvard in 3 years. Invented magnetic core memory age 28, computer essential for 20 years. Started Wang Labs 1951; did custom work, including first digital scoreboard for Shea Stadium (NYC, 1964). Now a leader in office automation with over $2 billion sales. Likes doubles tennis, bow ties, minimal publicity. Controls family's 40%, worth $1.2 billion.

David Rockefeller

Inheritance, banking, real estate. NYC and Tarrytown, N.Y. 69. Married; 2 sons, 4 daughters. Grand-

son of Standard Oil magnate John Davison Rockefeller (1839-1937), youngest son of John D. Jr. (d. 1960) and most widely known among America's most powerful family. Ph.D. economics; unpaid secretary to NYC's Mayor La Guardia 1940; joined uncle Winthrop Aldrich's Chase National Bank 1946 (now Chase Manhattan). Pres. 1961, CEO from 1969; became globe-trotting banker-statesman; "retired" 1981, now runs family foundation. Correct; methodical; a modern Medici: "For David Rockefeller, the presidency of the U.S. would be a

Brack/Black Star

Rockefeller

demotion." Family fortune well-veiled. With real estate, trusts, etc., his net worth believed to exceed $1 billion. *(See also other Rockefellers, A. Dayton, Ferry, Morgan, A. O'Neill, Roberts, Simpson, Thorn.)*

William Herbert Hunt

Inheritance, oil. Dallas. 55. Married, 5 children. Third son in H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf. "Second family": Ray Lee Hunt, et al.)*. Principal manager family's vast oil empire; his share, with children: 24% Placid Oil, 24% Hunt Energy. Also Dallas real estate, coal reserves. Inherited father's contempt for high living: house in upper-middle-class neighborhood, old car (during 1979 energy crisis spotted in 2-hour gas line "waiting patiently with his

William Herbert Hunt

Breese/Liaison

wife and dog"). Vast collection ancient art. Drawn into brother Bunker's silver bubble. Minimum net worth, including all trusts, is $1 billion.

Philip F. Anschutz

Oil. Denver. 44. Married, 3 children. Father Fred built contract drilling firm, oil and gas interests all over Midwest. Philip took over 1961, sold drilling rigs, became aggressive buyer oil and gas leases.

Howell/Denver Post

Anschutz

"He's willing to roll the dice. He has excellent timing." Acreage leased throughout West; brings in major oil companies to develop. Biggest holding Anschutz Ranch East oil field in Wyo., Utah: sold half his interest to Mobil 1982 for reported $500 million. Also minerals, real estate, public stock (incl. Ideal Basic, Pennwalt). Very private, shuns publicity, photos. "I can't imagine my business would interest anyone." Despite weak oil, Denver real estate prices, net worth still believed to be over $1 billion.

Marvin Davis

Oil, entertainment. Denver & various. 58. Married, 5 children. Father onetime boxer from Manhattan

Roach/Photo Reporters

Davis

garment district, got into oil & gas after WWII. Marvin joined 1947, bought many cheap oil leases in unpopular Rockies, became one of biggest U.S. wildcatters. Discovered more oil and gas fields in recent years than any but Standard Oil of Indiana. Partners include Gerald Ford, Henry Kissinger. Sold half oil properties to Hiram Walker 1981 for $630 million. Also Denver skyscrapers, shopping center, bank. Devotes much time to 50%-owned Twentieth Century-Fox; seeking other half from tax fugitive Marc Rich *(which see)*. Lives lavishly, this year paid record $20 million for Beverly Hills home of Kenny Rogers; shuns press. Analyst: "For a man who wants to remain private, he's one of the most visible men I've ever seen." Net worth may still be $1 billion.

The Forbes Four Hundred

$500 Million or More

William Redington Hewlett

Hewlett-Packard. Portola Valley, Calif. 71. Widowed, remarried; 5 children, 5 stepchildren. Fresh from Stanford with David Packard *(which see)*, started company 1939 in 1-car garage; invented audio-oscillator. During early days, did everything: "We had 2 people; someone's got to sweep." Still acts as vice chairman; H-P now one of world's leading, respected producers of electronics, minicomputers (1983 sales, $4.7 billion). Over 5,000 products; some 8%-10% of sales plowed into R&D. Described as low profile, straightforward, loves solving problems. Excluding vast foundation, his 9% stake worth over $920 million.

Harry Brakmann Helmsley

Real estate. NYC. 75. Divorced, remarried; no children. Son of dry goods salesman, sank life savings ($1,000) into a building 1938; today controls over $5 billion worth: 50,000 residential units, 50-million-sq.-ft. office, including Empire State Building. Has many equity partners; recently sold some syndicated property, buying most new buildings alone. Second wife, "Queen" Leona, heads their 27 hotels, including $125 million Helmsley Palace, NYC. Still plans world's tallest building NYC. Swims daily, likes ballroom dancing; Best Dressed Businessman 1983. Consensus of peers: net worth over $900 million. "When I sit down, the board of directors has arrived."

Donald Joyce Hall

Hallmark Cards. Mission Hills, Kans. 56. Married, 3 children. Father Joyce C. Hall (d. 1982) postcard distributor 1906, switched to greeting cards. Had uncanny sense of what would sell; friend Norman Rockwell helped illustrate Christmas cards. Built national distribution, quality image. Now largest greeting card company: cards 50% of $1.5 billion-plus revenues 1983, remainder other consumer items. Also troubled Kansas City real estate project. Paid over $200 million 1984 for Binney & Smith, Crayola maker. Donald in management since 1952; CEO from 1966. Joyce left one-third stock to employees. Rest controlled by Donald, worth over $750 million.

Michel Fribourg

Grain trader. NYC. 71. Widowed, remarried; 5 children. With 3 sisters, 5th generation of family that began grain trading in Belgium 1813. Started Continental Grain in U.S. 1921, completed move after France fell 1940. Michel, in Army intelligence WWII, took over upon father's death 1944. Revenues now over $15 billion, over 20% world grain trade (2nd to Cargill, *which see*). "We have survived by working with our wits." Other family members not among top executives. Home reflects love of all things French. Also 3.3 million shares (13%) Overseas Shipholding Group. His 90% share Continental, other assets, worth at least $750 million.

The average age of The Forbes Four Hundred is 62.

Samuel Irving Newhouse Jr.
Donald Edward Newhouse

Brothers. Publishing. NYC. 56, 55. Both married, 3 children each. Father Samuel I. born lower-Manhattan tenement to poor Russian immigrants; turned around *Bayonne* (N.J.) *Times* as teenager; went on to build nation's largest private media empire. Revenues now estimated over $1.5 billion. S.I. most secretive of leading 20th-century publishing tycoons. Died 1979; left sons Si and Don control of voting stock, family dictum: "The ties that matter are the ties to each other." Now some 20 relatives active; still tightly run: 28 newspapers, 9 Condé Nast magazines (plus 20-odd overseas), *Parade*, Random House, cable, etc. Heirs opposing perhaps largest estate tax action ever: IRS wants $914 million (including $305 million fraud penalties); family says only $47 million is due. Pending resolution, brothers share control of business worth at least $1.5 billion (much in trust).

Laurance Spelman Rockefeller

Inheritance, investments. NYC and Tarrytown, N.Y. 74. Married; 3 daughters, 1 son. Grandson of Standard Oil mogul John Davison Rockefeller. He and brother David *(which see)* chief investors of third generation. Some early success in venture capital 1940s (Eastern Air Lines, McDonnell Douglas Corp., Itek, etc.), lately Apple Computer, others. Active, controversial environmentalist; sets up, runs resorts, hotels, apt. complexes (Caribbean, West Coast, Hawaii). Chaired Rockefeller Center, Inc. 1953-66, still a director. Unwinds at Pocantico Hills, family compound near NYC. With trusts, etc., estimated net worth believed to exceed $700 million. *(See also other Rockefellers, A. Dayton, Ferry, Morgan, A. O'Neill, Roberts, Simpson, Thorn.)*

Samuel Jayson LeFrak

Real estate. NYC. 66. Married, 4 children. Father Harry built Brooklyn homes pre-WWII. Sam now largest U.S. apt. landlord: 87,000 units. Co-oping 32,000 units NYC. Planning futuristic Newport City for "500,000" on N.J. side of Hudson River; partner Melvin Simon *(which see)*. Investing big in oil and gas; also music publishing and production (Broadway's *Cats, My One and Only*, TV's *Fame*, etc.) Voluble; direct; carries no wallet, wraps money in rubberbands: "We serve the mass, not the class." On estimated net worth (over $700 million): "If I could count it, it couldn't be very much."

The Forbes Four Hundred

Barbara Cox Anthony

Anne Cox Chambers

Sisters. Inheritance. Father James Cox, poor farm boy who rose to become Ohio governor, Dem. pres. nominee 1920, built vast media empire; died 1957. Son James Jr. died 1974; daughters share 97% Cox Enterprises (13 dailies, incl. flagship Atlanta *Journal* and *Constitution*). Also 41% public Cox Communications (7 TV stations, 12 radio, cable, etc.), spun off 1964 to avoid antitrust charges. Barbara: Honolulu. 61. Divorced, widowed, remarried; 2 children. Third husband Garner Anthony, 55, chairman both firms; she runs ranching interests Hawaii, Texas, S. Carolina, Australia. Son James Kennedy publishes Grand Junction, Colo. newspaper. Anne: 64. Divorced, 3 children. Noted Atlanta society hostess, civic leader; first Atlanta woman bank director (1973); also director Coca-Cola; ambassador to Belgium for friend Jimmy Carter. Both women active on media boards. Their media holdings worth at least $1.4 billion.

John Thompson Dorrance Jr.

Dorrance Hill Hamilton

Hope Hill van Beuren

Tristam C. Colket Jr.

Charlotte Colket Weber

George Strawbridge Jr.

Diana Strawbridge Norris

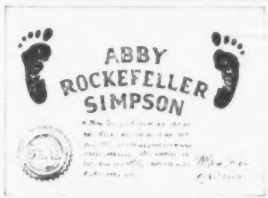
Uncle, nieces, nephews. Inheritance. John Jr.: Gladwyne, Pa. 65. Divorced, widowed, remarried; 3 children by first wife. Father John Sr. got Ph.D. 1897, went to work in Parisian kitchens, then chemist at $7.50/week for Campbell Soup Co. predecessor. Became president 1914 after brilliant idea: take water out of canned soup. Died 1930, leaving 5 children; 4 daughters now deceased. $129 million estate then 3rd largest in U.S. Heirs own roughly 61% Campbell Soup; half—paying $23 million annual dividend—controlled by John Jr., titular chmn. since 1962. Shy; gives much anonymously. His shares worth $650 million; well over $300 million dividends since 1930. Net worth should well exceed $675 million. Niece Dorrance: Strafford, Pa. 56. Married, 3 children. Runs house furnishings shop; likes to golf, garden, travel, fundraise. Recently made company director. Husband, Samuel, 60, a stockbroker. Dorrance's sister Hope: Middletown, R.I. 50. Married, 3 children. Until recently, ran local dress shop; husband John involved with venture capital. On mother Eleanor's death 1977, each daughter inherited 7% Campbell Soup Co. Cousin Tristam: Paoli, Pa. 46. Married, 3 children. Chairman Cressona Aluminum Co., maker aluminum extrusions. Other investments. His sister Charlotte: Ocala, Fla. and NYC. Early 40s. Married, 4 children. Husband John teaches dentistry at Cornell Medical College. Both breed Thoroughbreds in Fla. Upon death of mother Ethel 1965, each sibling inherited 7% Campbell; since sold some to diversify. Cousin George: Unionville, Pa. 45. Married, 3 sons. Bought controlling stake Delaware Trust Co. 1981 from several du Ponts. Major stake Tampa Bay Rowdies (soccer) 1975-83. Also breeds horses; other investments; teaches Latin American history at Widener College. His sister Diana: Coatesville, Pa. and Palm Beach. 43. Married; 2 sons, 1 daughter. Active horticulturist; her husband Charles a lawyer. Upon death of mother Margaret 1953, each sibling inherited some 7% Campbell. With stock, other assets, each of John Jr.'s nieces, nephews worth at least $150 million.

Edgar Miles Bronfman

Seagram Co. NYC. 55. Divorced, annulled, recently divorced again; 5 children by first wife, 2 by third. Grandfather Yechiel left Russia for Canada 1889, built small hotel chain; father Samuel switched to liquor trading, producing. Business thrived during and after Prohibition; added oil holdings 1960s. "Mr. Sam" died 1971; split huge fortune among 4 children. Only Edgar is U.S. citizen (from 1955); now CEO Montreal-based Seagram Co., world's largest distiller (sales $2.6 billion). Bronfmans have 41% Seagram; he owns 16%. Also large stake Cadillac-Fairview (real estate), other. Active philanthropist; heads World Jewish Congress. Net worth at least $675 million.

Warren Edward Buffett

Stock market. Omaha. 54. Married; 2 sons, 1 daughter. One of world's best financial minds: "the investor's investor." Bought first stock age 11, sold at a profit. Studied under late Benjamin Graham; left at 25 with $100,000 to launch family investment firm. Dissolved 1969 after 30-fold increase, no down years. Took over New England textile firm 1965 (Berkshire Hathaway Inc.); now diversified holding co. with record growth: 22% compounded annual rate for 19 years. Disciplined; uncanny sense of timing. "The market, like the Lord, helps those who help themselves." Supports nuclear disarmament, population control; prefers burger and Coke to gourmet cuisine. His 45% BH worth $665 million.



The youngest member of The Forbes Four Hundred is Abby Rockefeller Simpson, 27.

Milton Petrie

Petrie Stores. NYC and Southampton, N.Y. 82. Twice divorced, widowed, remarried; 3 children. Father came from Russia; ran pawnshop; went bust. Milt changed name from Petrovitzky; opened first clothing store Toledo 1927, others with 1930s federal loans; into bankruptcy 1937; out 1938. Big growth in shopping centers; also many acquisitions (latest: Miller-Wohl). Now chain over 1,300 women's specialty stores; 1983 sales $626 million. Medium-priced; much for teens. "Those girls—they'll live on hot dogs so they can spend their money on clothes." Works mornings, still terrorizes staff; plays bridge afternoons. His 63% stake, huge dividends, other assets, worth at least $610 million.

The Forbes Four Hundred

Perry Richardson Bass
Sid Richardson Bass
Edward Perry Bass
Robert Muse Bass
Lee Marshall Bass

Father and sons. Oil, investments. Fort Worth. Legendary oilman Sid Richardson (d. 1959) left bulk of estate to foundation, rest to nephew Perry, whose mother lent Sid $40 to start in oilfields during Depression. Perry: 69; married, 4 sons. Built second-largest private oil empire (after Hunts), stakes in nearly every large U.S. field. Helped design WWII PT boat; navigated Ted Turner's World Open championship win 1972. Eldest son, Sid, 42; married, 2 children; manages family fortune. Did well last year: Texaco bought back 25.6 million shares (9.7%) for $1.28 billion; estimated profit, $400 million. Unsuccessfully sought congressional bill 1984 to allow 4 brothers each "to go their own way," tax-free, with share of family assets. Edward, 39, single. Robert, 36, married, 2 children. Lee, 28, married, no children. All 4 Yale graduates. Family fortune must well exceed $3 billion: vast stock portfolio; real estate; oil, gas reserves; hotels, etc. "Most people, it seems, are not sure what they look like."

The oldest member of The Forbes Four Hundred is Helen Clay Frick, 95.

Paul Mellon

Inheritance. Upperville, Va. 77. Widowed, remarried; 2 children by first marriage *(see Timothy Mellon, Catherine Conover)*. Inherited some $250 million from father Andrew (legendary financier, U.S. Treasury Sec'y 1921-32; d. 1937). After Yale, 3 years at family's Pittsburgh bank; left to pursue art collection, English literature, fox hunting, Thoroughbreds. Major philanthropist: $100 million British art to Yale; East Wing 1978 to National Gallery, Washington, D.C. (founded by father, opened 1941); much more. Ran gallery from 1963, still chairman. Genteel lifestyle on 4,000-acre estate. Net worth well hidden, believed to exceed $600 million.

Stephen Davison Bechtel Sr.
Stephen Davison Bechtel Jr.

Engineering, construction. San Francisco. 84, 59. Father: married, 2 children. Son: married, 5 children. Warren A. Bechtel started railroad construction firm 1898 in Oklahoma, moved to San Francisco 1917. Son Stephen Sr. expanded from moderate size to global giant building mammoth projects (Hoover Dam; Alaskan pipeline, Washington, San Francisco subways). Jr. took over 1960, expanded nuclear plant construction, added airports. Estimated world revenues this year approaching $10 billion. Profits probably about $200 million: "They're not just a private company. They're a private country." Several top execs tapped by Reagan for high-level posts (incl. Shultz, Weinberger). Also 2 huge investment branches: company's Bechtel Investments, family's Sequoia Ventures. 2 sons, 2 sons-in-law of Jr. in business. Sr. and Jr. control family fortune, Bechtel Group, Inc.; worth more than $1.2 billion.

Jane Bancroft Cook

Inheritance. Cohasset, Mass.; Sarasota, Fla. 72. Thrice widowed, once divorced; 3 children. Grandfather Clarence Barron, Boston tycoon, bought *Wall Street Journal*, Dow ticker 1902 from Charles Dow, Edward Jones. Started *Barron's* 1921 (d. 1928). Fortune passed to daughter Jane (d. 1949), then to 3 grandchildren. Jane survives, shares 56% Dow Jones & Co. with 2 other branches *(see W. Cox, Bancrofts)*. Once played summer stock with Bogart; now shy, philanthropic. Dow director from 1950; upholds family's hands-off style. Fortune, tangled in trusts, exceeds $600 million.

Jack Kent Cooke

Real estate, cable TV, publishing, sports. Middleburg, Va. 71. Twice divorced, 2 children by first wife. Father's thriving picture-frame business Canada wrecked by Depression. Young Jack sold encyclopedias door-to-door, then soap, then radio stations/newspapers with magnate Lord Roy Thomson. Naturalized 1960 by act of Congress; retired for 6 months, got bored. Built/bought/sold Los Angeles Forum, 2 L.A. teams. Also Teleprompter: Family's 14%-plus brought over $100 million in 1981 sale. Paid $92 million 1979 for Chrysler Bldg., NYC; now worth triple that. Other property NYC, Phoenix, D.C. area. Jack's apple: 86% football Redskins. Net worth in excess of $600 million.

Samuel Curtis Johnson

Johnson Wax. Racine, Wis. 56. Married, 4 children. Great-grandfather founded firm 1886; Depression fended off (no layoffs) by Glo-Coat floor wax. Sam became new-products director 1955, urged nonwax items (Raid, Glade). Took over 1967, 4th-generation Johnson to run S.C. Johnson & Son. Still diversifying: personal care (Edge, Agree), fishing & camping equipment 1970s. Now, over-counter drugs. "I guess I'm still essentially a new-products guy at heart." Also very private; grooming 5th generation to follow. Controls family's 60% of $2 billion sales firm *(see also J. Louis Jr.)*, worth at least $600 million.

William H. Millard

ComputerLand. Oakland, Calif. 52. Married, 3 daughters. College dropout; chief of data processing for Alameda County (Calif.) 1961; gained reputation computerizing government operations. Worked for IBM, city of San Francisco, had 2 small software/consulting firms. Saw potential for retailing personal computer, opened first ComputerLand 1976. Now 670 franchises world-

wide, negotiating outlets in Peking. 1983 sales: $1 billion. Projected 1984 sales: $2 billion. Corp. takes 8% of gross, franchising fees; store owners pressuring to go public. Millard owns 97%, worth at least $600 million. "Anybody in the industry had the opportunity to observe this phenomenon."

Edward Lewis Gaylord

Broadcasting, publishing, real estate. Oklahoma City. 65. Married, 4 children. Long in shadow of father E.K., who bought into *Daily Oklahoman* 1903, became one of state's most powerful figures. He died at age 101 (1974); E.L. runs diverse empire: 2 newspapers, 7 TV stations, radio, a farm journal, *Hee Haw* TV show, real estate, trucking, some oil and gas. Bought Nashville's Grand Ole Opry 1983 for estimated $250 million (now "Opryland USA"), incl. theme park, stage, hotel on 432 acres. Lives modestly; hunts quail. With family, has majority Oklahoma Publishing Co. Net worth at least $600 million. "We wouldn't want to sell it anyway, so it's just academic."

Curtis Leroy Carlson

Entrepreneur. Minneapolis. 70. Married, 2 daughters. Son of poor Swedish immigrants. During Depression, sold soap for Procter & Gamble while getting grocers to use his Gold Bond trading stamps. Went national after 1952. Before stamps became passé diversified into one-man conglomerate. Today, $2 billion sales Carlson Cos.: 250 Country Kitchen restaurants (just took TGI Friday's public); manages 35 Radisson hotels, 19 resorts, etc. Over 50% of sales from marketing group (incentive programs, 350 travel agencies). Tough, but top execs walk away millionaires. "You have to keep a little tension in the air." Net worth over $600 million.

William Walter Caruth Jr.

Real estate. Dallas. 72. Married, 4 children. Grandfather opened general store 1849, used earnings to buy land, amassed cotton plantation. Father increased acreage to near 30,000, sank into debt. Turned it over to Will Jr. 1939, who has been developing and selling it ever since. Former family ranch now known as North Dallas. Also other Texas land, developing Florida real estate. Holdings mostly in names of children, 2 nephews, but controls fortune worth at least $600 million: "I ain't talkin'." Principal sorrow: All 6 inheritors are uninterested in managing fortune or unable to.

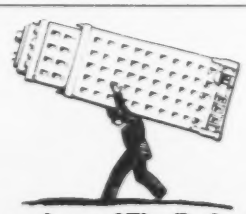
George P. Mitchell

Oil, real estate. Houston. 65. Married, 10 children. Son of Greek immigrant, sold stationery and bussed tables to complete Texas A&M 1940. Became freelance geologist for "eating money" plus piece of the action. Assembled pieces into Mitchell Energy & Development. From mid-1960s put much of profits into government-backed, massive 25,000-acre planned community, The Woodlands, north of Houston; owned by company. Population 18,000; expect 185,000. His 62%, other assets, worth at least $590 million. Wants his 10 children unspoiled: "We pay for their education, and we give them a car and maybe 1,000 shares of stock when they graduate. That's it."

Laurence Alan Tisch

Preston Robert Tisch

Brothers. Loews Corp. Started 1946 with father's resort in Lakewood, N.J.; had 12-hotel chain by 1955; gained control of Loews by 1960. Today, extremely profitable $5.3 billion-revenue conglomerate (hotels, theaters, insurance, securities, cigarettes). Larry: NYC and Rye, N.Y. 61. Married, 4 sons. Considered behind-scenes financial whiz. Bob: NYC and Harrison, N.Y. 58.



71 members of The Forbes Four Hundred have fortunes derived principally from real estate.

Married; 2 sons, 1 daughter. Acts as front man, troubleshooter, said to travel over 120,000 miles/year, visiting firm's properties. Both use "candy store" management style: first-name, free-flowing communication; modest headquarters; dislike memos. Well regarded on Wall Street as canny, cash-flow-and-fundamentals investors. Generous: millions to NYU (Tisch School of the Arts). Inseparable: Live close together, dine together, share tennis, share limousine, share 44% Loews Corp. With vast holdings real estate, share fortune worth more than $1.1 billion.

Leonard Norman Stern

Pet supplies, real estate. NYC. 46. Divorced, 3 children. Father Max emigrated from Germany's Harz Mountains with 2,100 canaries; started pet business 1926 as Hartz Mountain Corp. Leonard earned M.B.A. at night; took over ailing firm at 21 (1959); expanded sales; took public, then private again 1979. Antitrust trouble: Settled late 1970s for over $40 million. Company admitted 1984 to obstructing justice (had employees lie under oath, trash evidence) over accusations of hiring hookers, bribery, antitrust, more. Deal reached: firm fined $20,000, grand jury probe ended. Cynical; tough; press-shy. Firm is pet industry leader. With immense N.J. real estate, net worth is at least $550 million.

Arthur Bejer Belfer

Oil, real estate. NYC. 77. Widowed, remarried; 3 children, 2 stepchildren. Polish-born. Quit making sleeping bags for Army 1952, got into oil, gas. Went public as Belco Petroleum Corp. 1959. Got nearly all crude oil, half profits from Peru; also domestic natural gas, coal mining. With family, owned some 45% until 1983 friendly takeover by InterNorth Inc. Now, nearly $300 million InterNorth preferred stock. Arthur chairman emeritus, son Robert president Belco. One son-in-law, Jack Saltz, senior v.p. Belco; other, Lawrence Ruben, comanages family's vast NYC real estate holdings. With family, minimum net worth $550 million.

Edward John DeBartolo

Shopping centers. Youngstown, Ohio. 66. Married; 1 son, 1 daughter, both in business. At age 13,

wrote bids for Italian-speaking stepfather, a paving contractor. Plunged 1949 on untested idea most banks feared to lend on: suburban shopping centers. Plunged again on giant regional malls 1960s. Total development about 60 million sq. ft.; 49 major malls. Also owns banks, oil, 3 racetracks, hotels, sports teams. Starts 18-hour workdays by 6 a.m. Aide: "The stragglers come in at 8." Recently riled NFL by buying USFL Pittsburgh Maulers (pun on "mall"); even though son owns San Francisco 49ers. Minimum net worth: $550 million.

Winthrop Paul Rockefeller

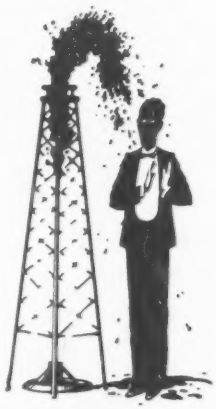
Inheritance. Winrock Farm, Ark. 36. Divorced, 3 children. Great-grandson of oilman John Davison Rockefeller and son of "black sheep" Winthrop (1912-73) of third generation Rockefellers, who fled to Arkansas (some say to escape gossip over 1954 divorce from Barbara "Bobo" Sears); became two-term governor. Win Paul suspended from Oxford after first year. Inherited father's mountaintop home, but 50,000-acre ranch and farm empire went to charity. Progressive farmer; rare public appearances confined to fundraising events. Net worth believed to exceed $550 million, mostly in family trusts. *(See also other Rockefellers, A. Dayton, Ferry, Morgan, A. O'Neill, Roberts, Simpson, Thorn.)*

Joan Beverly Kroc

Inheritance. La Jolla, Calif. 56. Divorced, widowed; 1 daughter. Third wife of Raymond Kroc, milkshake machine salesman who built McDonald's Corp. into world's largest food service company (d. 1984). Both were married when met in St. Paul restaurant 1956 (she was the organist); wed 1969. "I had realized that no other man in the world ever loved me as much as this guy did. He was my destiny." Launched Operation Cork 1976: aid for alcohol, drug abuse; foundation also helps abused and disabled children. Inherited McDonald's Corp. stake (now 10%, after recent stock sales); also San Diego baseball Padres (run by son-in-law). Net worth exceeds $525 million.

Daniel Keith Ludwig

Shipping, real estate. NYC. 87. Divorced, remarried 1938; 1 daughter by first marriage, 2 stepchildren. "Father of the supertanker." Son of Michigan real estate agent; quit jr. high school, borrowed $5,000 age 19 to convert old steamer. Hauled molasses, then oil. Scheme perfected 1930s: Get charter to move oil, use as collateral to borrow, build tanker; repeat. Owned world's third-biggest fleet (over 75); National Bulk Carriers now one-sixth of that. Added vast real estate, banking, mining, oil and gas; much since sold. In constant back pain since ship explosion 1920s. Gruff; reclusive. Few friends, no hobbies, no comment. Foreign assets (shipping, real estate, oil and gas), worth maybe $1.5 billion, run by D.K., owned by principal heir, his Zurich cancer institute. Retains U.S. assets (mostly S&Ls, NYC real estate), worth in excess of $500 million.



74 members of The Forbes Four Hundred have fortunes derived principally from oil and gas.

Forrest Edward Mars Sr.
Forrest Edward Mars Jr.
John Franklyn Mars

Candy. Frank and Ethel Mars sold candy from their kitchen 1911; opened factory; struck gold with Milky Way, Snickers 1920s. Frank financed son Forrest's British candy venture to keep him distant (d. 1934). Forrest Sr.: Las Vegas. 80. Married, 2 sons, 1 daughter. Built empire overseas, returned 1940, added M&M Candies, Uncle Ben's Rice; got control all operations 1964. Mars, Inc. now world's largest confectioner (also pet foods, coin machines, etc.); sales over $3 billion; nearly 40% U.S. candy market. Supersecretive: Execs keep quiet if they value jobs (also punch time clocks). Sr. now runs small Vegas chocolate factory started in retirement. Forrest Jr.: McLean, Va. 53. Married, 3 or 4 daughters. Short, stocky, secretive like father, but believed to be more congenial. Once ran Dutch subsidiary, now regarded as CEO. John: Arlington, Va. 49. Married; 1 son, 1 daughter. Strong-willed; may have inherited father's, grandfather's autocratic manners. Began with Australian operations, now co-president. Forrest Sr. visible "in spirit and by telephone," but 3 said to share control of company worth more than $1.5 billion (much in trusts).

Henry Lea Hillman

Industrialist. Pittsburgh. 65. Married, 4 children. Son of Pittsburgh's J.H. Hillman Jr., a coal broker who started mining 1913. One of few to stand up to the Mellons in their heyday. Henry joined business 1946. On father's death 1959 inherited fortune based on minority positions in heavy industry. Now entirely different portfolio: venture capital in high-tech medical and electronics; diverse real estate developments. "When times change, *you* have to change." Also Trailways, Inc. bus company. With the Hillman Co., other holdings, net worth exceeds $500 million.

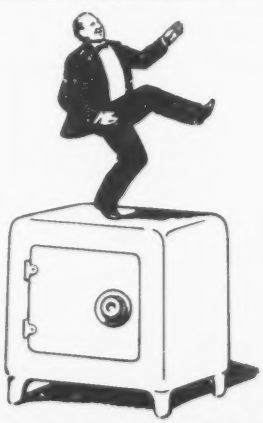
Abram Nicholas Pritzker
Jay Arthur Pritzker
Robert Alan Pritzker

Father and sons. Financiers. Chicago area. A.N.: 88; widowed, remarried; 3 sons (1 deceased). Father Nicholas emigrated from Russia, started Chicago law firm 1902. A.N. joined early 1920s, soon developed keen eye for Depression real estate; by 1940 too busy with investments to accept new legal clients. Son Jay: 62; married, 5 children (1 deceased). Son Robert: 58; divorced, remarried; 5 children. Dominate family empire; Jay as

brilliant "deal man," buying troubled firms at discount for engineer Bob to repair. Key holding: $3 billion sales Marmon Group, umbrella for over 65 manufacturing cos. Classic Graham and Dodd modus: Look at assets, cash flow, liquidity, the basics. Family has immense borrowing power. Secretive, but nationally visible from late 1960s as builders Hyatt hotels using unique atrium designs; today 75 U.S. hotels, 42 abroad (some 20% to 25% equity). Also *McCall's* magazine, casinos, vast real estate and timber, etc. Lately trying to revive Braniff International. Chicago's *eminences grises*; control fortune worth over $1.5 billion. A.N.: "On Saturdays, a good Catholic goes to confession. I go to the First of Chicago."

Lamar Hunt

Inheritance, oil, sports. Dallas. 52. Divorced, remarried; 4 children. Youngest of H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf. "Second family": see Ray Lee Hunt, et al.).* He and children share in oil trusts: 19% Placid Oil, 19% Hunt Energy. Personal business interests mainly sports: cofounded American Football League; owns Kansas City Chiefs, other sports clubs; also K.C. amusement park. Says devotes most time to World Championship Tennis, Inc. "I made the mistake of getting involved in too many things." Lives frugally: Flies commercial, usually wears same suit; avid gardener. Caught up in brother Bunker's silver bubble 1980 ("I'm not very good at business"). Estimated net worth over $500 million.



48 members of The Forbes Four Hundred have fortunes derived principally from financial operations.

Trammell Crow

Real estate. Dallas. 70. Married, 6 children. Before WWII a bank teller, then CPA. Built warehouse in Dallas 1948. "After that, we just got less and less small." Now nation's biggest developer; $1.5 billion construction starts 1983; 18 million sq. ft. office space; total assets $6.5 billion; all with partners. Other highly leveraged projects separate from Crow Co. Narrowly averted disaster in 1974 real estate crunch. Undeterred: "Don't sell. Tough it out, tough it out, tough it out." Completing 1.5-million-sq.-ft. Dallas computer mart, planning another for Times Square (NYC). Estimated net worth: more than $500 million.

Donald Leroy Bren

Real estate. Newport Beach, Los Angeles, NYC. 52. Twice divorced, 3 children. Son of late Hollywood producer Milton Bren, stepson of actress Claire Trevor. To college on skiing scholarship, lost bid for 1956 Olympics. Built first house 1958; expanded rapidly in Calif. suburban exodus. Built, sold Mission Viejo. Sold home-building firm to International Paper for $35 million 1969; bought back 1972 for $18 million. Joined Irvine Ranch buyout 1977. Added to Irvine Ranch holdings 1983 in one of largest real estate deals ever, now has 92% of firm owning 68,000 acres Orange County, Calif.; over $600 million added liabilities from buyout. Handsome; shy; secretive. Athletic: tennis mornings, skis weekends. Net worth should exceed $500 million. Others claim much higher; Bren lately upped IP stake to 4.9%.

A. Alfred Taubman

Real estate, art. Bloomfield Hills, Mich.; Palm Beach. 59. Divorced, remarried (former Miss Israel); 3 children. Immigrant father was small builder. Al started own on $5,000 loan 1950. Built shopping centers; went large scale 1960s. Now owns 75% of 21 big centers; manages more. Cash flow mystery: "The banks don't even know." Led Irvine Ranch buyout 1977; huge return when resold to D. Bren *(which see).* Invests much with pals H. Ford II, M. Fisher *(which see).* Has 80% Michigan Panthers (USFL); 60% Sotheby's; 100 movie screens; 800 fast food outlets (franchised); other art; stocks. For exercise, boxes at home. Net worth should surpass $500 million. Al: "I don't have a clue."

Leslie Herbert Wexner

The Limited, Inc. Columbus, Ohio. 47. Single. Quit law school to work in father's clothing store; quit that after clashing over market strategy. Borrowed $10,000 to do it his way 1963: segment market, sell sportswear to young women. First year's sales $159,000. Now 1,100 specialty apparel shops; half are aimed at fashion-conscious career women ages 20 to 40; sales passed $1 billion 1983. Avid skier; art lover; budding takeover artist? Bought Lane Bryant, others, 1982; tried for Carter Hawley Hale 1984. Mother Bella is corp. sec'y, director, adviser. With immediate family, net worth just over $500 million. "People look at me differently now."

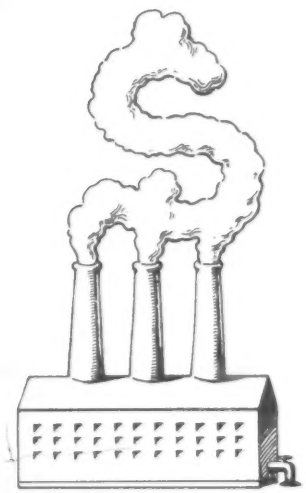
David H. Murdock

Real estate, acquisitions. Bel Air, Calif. 61. Divorced, remarried; 3 children by second wife. High school dropout. Built homes Phoenix, Ariz. after WWII; parlayed $100 million; saved $13 million from 1963 collapse. Then to California: real estate, small companies. "When everyone sees it's a good investment, it's time to sell." Currently buying. Cannon Mills for $413 million in 1982, bank financed; 35% Flexi-Van 1983. Was largest shareholder Occidental Petroleum (5%); reported tension with Chairman Armand Hammer *(which see),* company bought him out 1984 for $194 million when market value was $135 million. Also brick, water, warehouse, antiques cos. Former Nixon aide H.R. Haldeman a v.p. in real estate firm. Net worth believed to exceed $500 million.

Jack Richard Simplot

Potatoes. Boise, Idaho. 75. Divorced, remarried; 4 children by first wife. After quarrel with father,

The Forbes Four Hundred



95 members of The Forbes Four Hundred have fortunes derived principally from manufacturing operations.

J.R. quit 8th grade, left home. Sorted potatoes, raised hogs, put proceeds into 1st potato field. Millionaire by 30. Big break: meeting Ray Kroc *(see widow Joan)* and owning patent on frozen french fries. Now supplies 80% McDonald's fries. "When the time is right, you gotta *do* it!" Company expanding into computers for farmers. Raises Thoroughbreds, has 30-by-50-foot U.S. flag on 16-story flagpole in front of showcase home. Net worth said to exceed $500 million. Simplot says more: "I wouldn't sell for that, that's for sure."

Richard Mellon Scaife

Inheritance, publishing. Shadyside, Pa. (Pittsburgh). 52. Married, 2 children. Grandson of Richard Beatty Mellon, inherited $200-plus million from Mellon mother 1965. Estranged from sister *(see Cordelia Scaife May; also other Mellons, Conover, Milbury)*. Published *Pittsburgher* magazine until folded 1981; today owns moneylosing *Sacramento Union*, 2 smaller papers Pa., plus radio station. "Citizen Scaife": tough; hates publicity; won't use middle name, but still most prominent Mellon since uncle Richard K. (d. 1970). One of biggest contributors to New Right leaders, think tanks; gives millions annually. Between personal fortune and Mellon trusts, net worth may exceed $500 million; amount vigorously denied by him.

O. Wayne Rollins

Entrepreneur. Atlanta. 72. Married, 2 sons. Raised on small farm, found work during Depression in textile mill for $10/week. "It was a real easy decision—it was the only job offered." With brother John moved on to auto dealerships, then radio, TV stations. Started Rollins, Inc. 1948, expanded rapidly by acquisition (media; oil, gas services; pest control; security systems; others). Recently split into 3 public firms (Rollins Communications, RPC Energy and Rollins, Inc.); controls some 45% of each. Also stake Intermedics; 55,000 acres Ga., Fla., Del.; 12,000 head cattle; other investments. Avid farmer, quail hunter. Religious; close family ties; both sons help run. Net worth may exceed $500 million.

John Murdoch Harbert III

Construction. Birmingham, Ala. 62. Married, 3 children. Finished WWII with $6,000 craps winnings. Bought concrete mixer, tools; got local bridge contract, then highway work, pipelines, buildings. "Bankrupt" 3 times in first 20 years, but "our creditors remained unaware of the seriousness of our situation." Bid on risky Third World projects early 1960s; paid off. Now Harbert Corp. over $500 million revenues, mostly foreign. Bought Kentucky coal leases 1971 for $150 million, sold for over $400 million; still holds over $280 million Standard of Indiana stock. Reaped $74 million profit in Gulf Oil fight. Liquid, little debt; his 75% of firm worth minimum $500 million.

$200 Million or More

Allen E. Paulson

Gulfstream Aerospace Corp. Savannah, Ga. 62. Divorced twice, 3 sons. Self-supporting since 13. Cleaned hotel rooms, sold newspapers, milked cows before becoming TWA mechanic age 19 for 30 cents an hour. Pilot; inventor; learned aviation by taking apart engines, flying jets. Developed new oil valve, sold idea to airlines, launched business 1951. Designed own plane 1970s. Bought Grumman general aviation division 1978, Rockwell Int'l division 1981, formed Gulfstream; went public 1983. Builds plush private jets but no longer tests models himself: "My stockholding public wouldn't like that." His 70%, other assets worth over $480 million.

Malcom Purcell McLean

McLean Industries. NYC. 70. Married, 3 children. Farm boy, son of mail carrier; ran gas station after high school; put $30 down on used truck in Depression North Carolina. Built McLean Trucking into

And what's Malcolm Forbes worth?

Malcolm Stevenson Forbes

Publishing. Far Hills, N.J. 65. Married, 5 children. Father B.C., Scottish immigrant 1904, became widely syndicated financial columnist; launched FORBES magazine 1917. Sons inherited 1954: Bruce died 1964, MSF eventually became sole stockholder. Brief political career 1950s (2-term N.J. state senator; lost governor race 1957); turned to magazine. Now among top business publications: "Capitalist Tool" unusually profitable. Also balloons, yachts, motorcycles (despite recent accidents), Fabergé eggs, Colorado ranch, South Seas island, etc., etc. Weakness for aphorisms. Net worth, estimated by others:

Wall Street Journal: "$200 million or so [1982]."

Columnist James Brady: "Perhaps a half billion dollars [1984]."

Penthouse: "Closer to $200 million than $600 million [1983]."

MSF: "I don't know."

one of largest haulers U.S. Invented cargo containerization, revolutionized shipping industry. Feds made him choose, so unloaded trucking stock 1955 for $6 million. Sold Sea-Land Service to R.J. Reynolds 1969 for $160 million profit. Bought real estate, invested in corporate farming. Picked up ailing U.S. Lines 1978; turned around as McLean Industries; went public 1983; revenues now around $800 million. Semireclusive. His 90% MI worth $475 million.

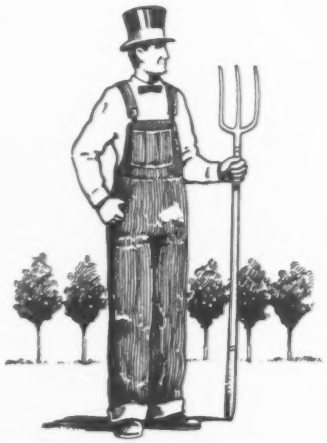
Walter Hubert Annenberg

Publishing. Wynnewood, Pa.; Palm Springs. 76. Divorced, remarried; 1 daughter. Father Moses was legendary founder Triangle Publications *(Philadelphia Inquirer, Daily Racing Form)*. Made big enemies: FDR reportedly set off IRS probe, Moe's conviction for $9.5 million tax evasion (d. 1942). Walter inherited debt-ridden firm; rebuilt to preeminence. Started *TV Guide* 1953, now country's most profitable magazine. Also *Seventeen, DRF*, vast stock holdings, art, real estate. Close friend of, ambassador to U.K. for Richard Nixon. Extremely charitable; lives well. "Anyone who wants to live poorly in order to die rich is a sick individual." Triangle worth over $1.3 billion. Walter votes all shares, owns about 35% worth over $450 million. 5 sisters (plus families of 2 deceased) share 65% worth over $125 million each.

Henry Crown

Lester Crown

Father and son. Industrialists. Chicago. 88, 59. Henry: remarried widower; 3 children (1 deceased). Lester: married, 7 children. Henry, son of Latvian immigrant, high school dropout (later finished at night), built up small building materials firm starting 1919; worth $1 million by late 1920s. Merged with General Dynamics 1959 for stock. Left board 1966 when GD decreed: Convert or redeem preferred stock. He redeemed, then bought common with a vengeance 1969; still owns 18%. Also substantial investments real estate (sold Empire State Building for $31 million profit 1961), other companies (Esmark,



21 members of The Forbes Four Hundred have fortunes derived principally from agriculture.

Vulcan Materials). Control of fortune passing to Lester (exec. v.p. at GD), other family. Henry remains active patriarch: Will not "sit in California or Florida and play cards and wait for death." Has donated some $75 million to charities. Joint net worth over $900 million.

Roger Milliken

Gerrish Hill Milliken

Minot King Milliken

Brothers and cousin. Textiles. 68, 67, 68. Deering, Milliken & Co. begun 1865 as dry goods jobber by grandfather Seth and William Deering. Became selling agent for southern mills. Helped finance, held equity in suppliers until Depression; wound up owning many. Deering left to start International Harvester; Milliken & Co. now world's largest private textile firm: over 65 plants; revenues approx. $2 billion. Roger: Spartanburg, S.C. Married, 5 children. Patriarch and pres. from 1948. Pioneered use of modern machinery; stresses R&D spending. Considered benevolent dictator; conservative; lives modestly; on business details "He makes a clam seem like an open mouth." Hired nonfamily successor 1984; made self CEO. Gripes about imports; pushes "America's Freedom Fabric," with red-white-and-blue tags. Brother Gerrish: Greenwich, Conn. and NYC. Married; 4 sons, 1 daughter. General manager, handles automotive fabrics from NYC office. Cousin Minot: NYC. Married; 4 sons, 1 daughter. Company treasurer. Firm worth at least $550 million; also 40% Mercantile Stores stock. Roger key owner; worth over $450 million. Gerrish: $300 million. Minot: $150 million.

Charles Cassius Gates

Gates Corp. Denver. 63. Married, 2 children. Father sold steel-studded leather bands for auto tires from 1911; later, rubber tires, hoses. Uncle invented V-belt 1917; firm became world's leading maker belts and hoses. Charles born in back of family car en route to hospital; inherited 1961, with 4 sisters; eager to go beyond rubber products. On "roll of the dice," bought two-thirds moneylosing Learjet Industries 1967; couldn't give it away 1970; now profitable. Cowboy philosopher: "Sometimes you have to shoot from the hip." Dumped tires 1973; now roughly half of $1 billion-plus sales from nonrubber items. Private; earnings around $70 million. Also real estate. Controls firm worth over $450 million.

Sol Goldman

Real estate. NYC and Mill Neck, N.Y. 67. Separated, 4 children. Goldman-DiLorenzo once NYC's largest, most leveraged landlord. Quit Brooklyn College to run father's grocery store 1935; began scooping up foreclosed properties at bargain prices. Almost destroyed by 1973-74 real estate slide. Lost 40%. On partner's death (1975) Sol, Alex DiLorenzo's sons split remaining 60% by flipping quarters. Today: over 600 parcels, mostly Manhattan; receives daily offers from dozens of brokers. Hobby: "I go out at night and look at real estate." Wife sued 1983 to end 43-year marriage; claimed Sol worth $630 million; sought half. May reconcile. With stocks, gov't securities, net worth exceeds $450 million.

Harry Weinberg

Real estate, securities. Honolulu and Baltimore. 76. Married, 1 son. Austrian-born, left 6th grade to work in father's Baltimore auto shop. Began buying real estate 1930s. Bought public bus systems

1950s and 1960s (NYC, Dallas, et al.); sold at huge profits, sometimes to cities. Owns immense property Hawaii, Maryland, plus big stakes Alexander & Baldwin, Maui Land, others. Combative: long history of boardroom brawls. Loves jousting with reporters. Once called "a genius at bad public relations," but "grudgingly admired," even by foes. Still vigorous despite long bout with cancer. Hawaii's richest man, worth over $450 million; "nearly all willed to the poor."

Cyril Wagner Jr.

Jack Brown

Partners. Oil. Midland, Tex. Believed Midland's richest. Set up Wagner & Brown Oil Properties 1962, built up prodigious oil production. Now have "staggering" cash flow, modest debt; set up Canyon, Inc. to diversify out of oil (aeronautics, plastics, etc.). Wagner: 50. Divorced, remarried; 5 children. Brown: 58. Married, 3 children. Partnership sealed with a handshake, not formal papers. Says Wagner: "We just complement each other." Friends and sometime business partners with oilman T. Boone Pickens. "They go hunting together, they get drunk together." Joined Pickens' failed Gulf takeover bid earlier this year; about $70 million profit. Share equally business empire worth at least $900 million.

Henry Earl Singleton

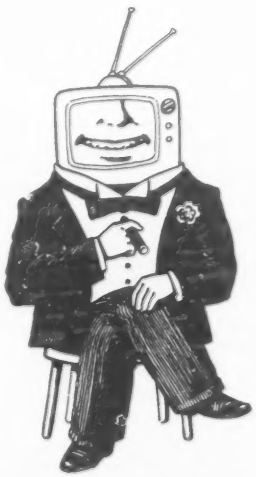
Teledyne. Los Angeles. 67. Married, 5 children. Learned discipline at Annapolis, engineering at MIT, conglomerating under Charles (Tex) Thornton at Litton Industries. Left 1960 to pursue childhood dream: building a giant. With Litton colleague George Kozmetsky *(which see)*, backing from Arthur Rock, built Teledyne conglomerate 1960s. Quit acquiring 1969; content buying over 20% of five large firms 1970s. Tight-lipped strategist: Teledyne President George Roberts (old Annapolis roommate) learned of $400 million stock buys after the fact. Recently bought in 43% of firm's shares. With 14% Teledyne, 1.5% Apple, net worth at least $450 million.

Henry John Heinz II

H.J. Heinz Co. Pittsburgh. 76. Divorced, remarried; 1 son. Grandfather, at 16, learned housewives would pay for convenience (he grated, bottled horseradish for resale); started business 1869. "Do a common thing *un*commonly well." Heinz Co. turned out K rations during WWII. H.J. II ran 1941-66, brought in nonfamily management 1966. Firm estimates customers include 15% world population: moving into Asian, African markets. Chairman H.J. II only family member still in firm (son H.J. III GOP Senator from Pa.); controls 17%. With cumulative dividends, etc., worth over $440 million.

August Anheuser Busch Jr.

Anheuser-Busch. St. Louis. 85. Widowed, twice divorced, remarried; 10 children. Family firm since 1861 when grandfather Adolphus married Lilly Anheuser; made corn syrup, yeast during Prohibition; Budweiser before and after. First post-Prohibition case shipped to FDR. August owns 13% Anheuser-Busch; runs firm's St. Louis baseball Cardinals. Inhabits French Renaissance château in St. Louis County, where he rode to hounds in younger days; now prefers "coaching" (precision horse & carriage driving): at 82 was first American to capture Queen's Cup coaching title from England. Son August III, 47, runs company. Net worth over $425 million.



59 members of The Forbes Four Hundred have fortunes derived principally from media enterprises.

Robert Edward Turner III

Turner Broadcasting System. Marietta, Ga. 45. Divorced, remarried; 2 children by first marriage, 3 by second. "Ted" booted from Brown U.: female found in frat room. At 24 took over late father's bankrupt billboard firm, rescued legacy. Revamped ailing Atlanta TV station 1970, bought out timid partners, today owns 87% Turner Broadcasting. Created first cable "superstation" (now WTBS) 1976: free continental air time for his Atlanta baseball Braves, basketball Hawks. Took time out 1977 to win America's Cup ("Hey, it was just a race"). Now airs on 85% of country's cable hookups with WTBS, CNN, etc. Reputation as canny, swaggering opportunist: "I was cable before cable was cool." Worth well over $400 million.

Fred Charles Trump

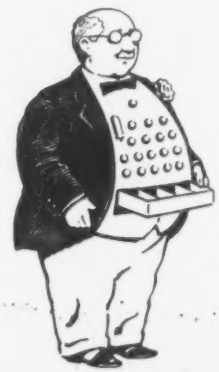
Donald John Trump

Father and son. Real estate. NYC. Fred: 78. Married, 5 children. Donald: 37. Married, 3 children. Fred self-made builder; began 1940s, with son amassed 20,000 NYC apartments. Donald joined 1968, took over 1976. Fred: "He's gone way beyond me." Donald, flamboyant "boy wonder," attracts top institutional investors. Opulent 68-story Trump Tower, NYC, has condos at up to $12 million. Opened Harrah's at Trump Plaza, world's largest hotel-casino, in Atlantic City 1984. Brash, but not careless: Dropped uneconomical plan for $200 million Trump Castle condominium NYC—spires, moat, drawbridge, "very Trumpish." Told Prudential: "I don't want to have my first loser." Father overseeing slow co-oping of outer borough apartments. Fred's minimum net worth: over $200 million; rest Donald's, over $400 million.

Joe Lewis Allbritton

Broadcasting, publishing, banking. Houston; Washington, D.C.; La Jolla, Calif. 59. Married, 1 son. Born in D'Lo ("Damn Low"), Miss. Fa-

The Forbes Four Hundred



19 members of The Forbes Four Hundred have fortunes derived principally from retailing.

ther owned Houston cafes. Son became millionaire 8 years out of law school, buying 400 acres Houston on bank loans. Bought, sold now-defunct *Washington Star*, other businesses. Today: 5 papers, 5 TV stations, insurance, funeral homes, real estate (wholly owned Perpetual Corp.). Also 3 Houston banks, one in London; 41% Riggs National (D.C.). Collects art. "A giant at 5 ft. 2." Despite debt, net worth exceeds $400 million.

Cordelia Scaife May

Inheritance. Ligonier, Pa. 56. Divorced, widowed; no children. Granddaughter of Richard Beatty Mellon. Inherited $200 million-plus from Mellon mother 1965. Brief marriage 1950 to Herbert A. May Jr. Later wed longtime friend Robert Duggan, Pittsburgh's D.A., 1975. Lives modestly, privately; supports zero-population growth, various liberal and environmental causes through Laurel Foundation. In 1979 put $10 million into venture capital firm for alternative energy. Estranged from right-wing brother *(see Richard Scaife; also other Mellons, Conover, Milbury)*. Net worth, mostly trusts, should exceed $400 million.

Saul Phillip Steinberg

Financier. NYC. 45. Twice divorced, recently remarried; 4 children. Brooklyn-born boy genius; U. of Pa. grad at 19. Managed chain 46 subway newsstands; pioneered computer leasing (Leasco) with father's $25,000 loan 1961. Stock hot late 1960s, led to Reliance Insurance purchase 1968. Shook up Wall Street with bold (but failed) attempt to grab Chemical Bank 1969; launched career buying big chunks, sometimes all, of unwary firms. Lately, $60 million greenmail gain (before expenses) from Disney. Went private 1982 in $550 million deal ("I'm trying to simplify my life"); now $3.7 billion (assets) Reliance Group Holdings. Reports book value $400 million, earnings $70 million; all owned with family. Sign on desk: "This too shall pass."

Arnold Bernhard

Value Line, Inc. Westport, Conn. 82. Married, 2 children. Quit as *Time* magazine drama critic 1928 to work for speculator Jesse Livermore. Livermore went on to suicide; Arnold to Moody's, founded Value Line Investment Survey 1935. Once lived above company in midtown Manhattan town house; now has Westport, Conn. mansion. Took Value Line public 1983, kept 8.1 million shares (81%). Considered demanding boss: "You have to allow yourself to be exploited, because if you're not profitable to others you cannot be profitable to yourself." With significant investment portfolio stashed in own mutual funds, minimum net worth $400 million.

Robert Orville Anderson

Oil, land. Roswell, N.M. 67. Married, 7 children. Father first banker to lend on oil in ground; Robert borrowed $50,000 in 1941, invested in "teapot" refinery. Drilled 200 dry holes until big strike 1957; bought ($4 million) and sold ($25 million) Wilshire Oil; bought 1.1 million acres, mostly ranches, in N.M., Tex., Colo. Sold refinery to Arco 1962, went on board. CEO 1965. Lost takeover bid for Gulf to SoCal 1984. Other interests include Denver real estate, banks, stock. "Stick to what you know, and your chances of success are much better." Visible assets, including 373,000 shares Arco, worth $400 million.

Edwin Lochridge Cox

Oil. Dallas. 62. Widowed; 2 sons, 1 daughter. Born Arkansas; in Texas oil since 1946. One of nation's biggest independent oilmen. Also very active in corporate boardrooms: director InterFirst Corp.; former chairman SEDCO, Keebler; former director LTV, Gillette, Dr Pepper, others. "Pleasant, engaging fellow"; helped develop E.L. Cox School of Business at Southern Methodist Univ. 1978. Active Dallas civic, education boards. Son Berry, in business with him, is son-in-law of Texas Senator John Tower. Other son, Edwin Jr., has own vast agribusiness. Net worth believed to be at least $400 million.

Nicholas Louis Deak

Banking. Scarsdale, N.Y. 78. Married, 1 son. Born to wealthy Transylvanian banking family; Swiss Ph.D. in economics and finance 1929. Immigrated to U.S. 1939, became economics professor at Pa. prep school. Citizenship 1943. Headed OSS unit during WWII, accepted Japanese surrender in Burma 1945. After war, became partner with Perera Co., then largest gold and currency firm. Took control 1946 as Deak-Perera. Now world's largest foreign exchange firm, over 80 offices in 7 countries. Values gold: "You can't eat gold, but you can't eat paper currency that is so worthless it won't buy anything." Also real estate in N.Y. and California. Vegetarian, competitive runner. Net worth has been estimated at $400 million.

Charles de Ganahl Koch

David Hamilton Koch

William Ingraham Koch

Frederick Robinson Koch

Brothers. Oil. Charles: Wichita, Kans. 48. Married, 2 children. David: NYC. 44. Single, no children. Twin William: Boston. Married, no children. Frederick: NYC. 51. Single, no children. Sons of Fred (d. 1967), Texas farm boy, later MIT, 1 of 3 founders Rock Island Oil & Refining. Sold oil to Russians 1920s; later was charter John Bircher 1958. Charles took over on father's death, changed name to Koch Industries. Created major diversified company: oil, pipelines, refineries, ranching, etc.; estimated

revenues $15 billion. Father had counseled his "dear boys": "Be kind and generous to one another." Sons' 3-year feud for control ended 1983 when Charles, chairman, and David, exec v.p., bought out William and Frederick (neither active in company). Price undisclosed, but the 4 shared equity in company, worth at least $1.5 billion. Charles: "People we deal with in the oil business, the chemical business, the cattle business and the shipping business know us. Other people don't, and that's fine."

Oveta Culp Hobby

Broadcasting, publishing. Houston. 79. Widowed, 2 children. Ran for state legislature age 25, lost. Next year married former governor, *Houston Post* publisher William Hobby (d. 1964). Co-editor, publisher; added radio, TV. Assertive; high profile led to gov't appointments: headed Women's Army Corps WWII. First HEW Sec'y under Eisenhower. Son William Jr. now Texas lt. governor; daughter Jessica Catto runs *Wash. Journalism Review*. Sold *Post* 1983 for some $130 million; then bought Cowles Broadcasting for $183 million. Wealth in names of heirs, largely controlled by Oveta. With Houston TV (worth $200 million), other stations, net worth is at least $375 million.

Earl R. Pohlad

MEI Corp., banks. Minneapolis. 69. Married, 3 sons. Hauled laundry to help support family of 10 in West Des Moines, Iowa. Started collecting delinquent loans while working on banker's farm. Recruited by Bing Crosby to play football at Gonzaga Univ.; quit after season to sell cars. Took control Minneapolis bank-holding company after brother-in-law CEO died 1948. Turned failing bus firm early 1970s, into third-largest Pepsi bottler; MEI sales over $600 million. Small bottlers approach him to be acquired. Unpretentious: "You have to be lucky." Paid reported $32 million 1984 for 52% Minnesota (baseball) Twins to prevent team from leaving Twin Cities. With 4 million MEI shares, bank-holding company, interest in 30 smaller banks, real estate, worth at least $375 million.

Robert William Galvin

Motorola. Barrington, Ill. 61. Married, 4 children. Father Paul founded Motorola 1928 on $565 with idea "from God" to make car radios. Only son, groomed from childhood to take over, became president 1956. Changed from maker of car radios, TV sets 1960s to worldwide supplier of semiconductors, assorted communications equipment. Competitive; careful: "The guy that's king of the hill is vulnerable." Now chairman. Heads Reagan's Advisory Council on Private Sector Initiative. With wife, has over 7% Motorola stake, worth $360 million.

John Thomas Lupton

Coca-Cola bottler. Chattanooga, Tenn.. 58. Married, 4 children. Grandfather John T. used piece of patent medicine fortune to finance first Coke bottling plants with 2 partners 1899; died 1933. Father Carter bought, sold Coke franchises at frantic pace; ran business until he died 1977. "Jack" started 1954. Shrewd; outspoken. As only bottler on previous Coca-Cola Co. boards, scolded management for fearing change. Now largest U.S. bottler: Houston, Dallas, Fort Worth, Austin, Phoenix, Denver; volume $650 million. Hires best people and pays well. "I think the Pepsi Challenge will neutralize itself." Golf lover, built the Honors Course near Chattanooga. Net worth more than $350 million.

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 59. Married, 3 children. Mother was a Johnson of Johnson Wax *(see also Samuel Curtis Johnson)*. John known mainly as philanthropist, investor. Named ambassador to Britain 1981: praised for ceremonial role, blamed for lack of experience. "I will never be a professional. People get to be that way by spending their lifetimes in this business." Resigned 1983, reportedly under pressure. Now manages numerous investments full-time; trustee, fundraiser Northwestern Univ. With family's 30% stake Johnson Wax, worth at least $300 million. Other holdings exceed $50 million.

15 members of The Forbes Four Hundred have fortunes derived principally from high technology.

Jack Rudin

Lewis Rudin

Brothers. Real estate. NYC. Father Samuel and brothers founded Rudin Management 1924 to run handful of tenements. Jack: 60. Widowed, 3 children. Lewis: 57. Divorced, remarried; 2 children. Both joined firm 1946; today own 4,000 apt. units in 25 well-located buildings. Also over 6 million sq. ft. office space, most highly profitable and built before 1972. Long-held family philosophy: Never sell. But interest rates, rent guidelines now forcing to co-op: "We have been the lone holdout, and we can't handle it anymore." Recently began constructing midtown office building. Civic-minded: Jack chairs NYC Marathon committee (gives annual "Rudin Trophies"). Lewis is founder-chairman Association for a Better New York. Share net worth of $700 million or more.

Peter Stephen Kalikow

Real estate. NYC. 41. Married, 1 son. Kalikows long successful builders, owners row homes in declining boroughs; father Harold (d. 1983) split from family business 1967, switched to Manhattan. Son Peter heads H.J. Kalikow & Co.; owns 7,000 apartments NYC; cooping in Queens, not in Manhattan. Risked big at 101 Park Avenue, hit booming office market in 1980. Now redoing opulent former AT&T headquarters downtown. Still building high-priced NYC rentals. "We like to turn over a building every year or so to keep our residential division in tune." Worth minimum $350 million.

Luigino Francesco Paulucci

Food processing, real estate. Sanford, Fla. and Duluth, Minn. 66. Married, 3 children. "Jeno," son of

poor Italian immigrants, sold produce outdoors as "barker" age 16. "That's why my voice is still hoarse." Borrowed $2,500 1944 to make canned Chinese food. Proved expert promoter; Chun King ruled market; sold 1966 for $63 million. Set up Jeno's 1967 (frozen pizza, snacks), gave to children. Began buying cheap land near Orlando, Fla. 1950s; now over 7,000 valuable acres. Building Heathrow: 1,260-acre luxury community. With other investments, minimum net worth $350 million. "Get a mate who will allow you to work day and night 7 days a week, if need be. Otherwise stay single."

Elbridge Hadley Stuart Jr.

Dwight Lyman Stuart

Brothers. Inheritance. Grandfather Elbridge Amos Stuart founded Carnation Co. 1899 in Kent, Wash. Paid $25,000 for method of making good evaporated milk. First customers were prospectors on way to Yukon gold rush. Now sales $3.4 billion, incl. Coffee-mate, Instant Breakfast, Friskies, Contadina; 31-year streak consecutive increased earnings. Elbridge: Bellevue, Idaho. 67. Married, 1 son. Rose to v.p. Carnation, quit 1961 over autocratic practices of CEO father, Elbridge Sr. (d. 1972): "A company isn't one man's life, but many generations." Ranch recluse; raises cattle, alfalfa. Wife (Marion Butler Stuart) noted paleontologist. Dwight: Los Angeles. 60. Divorced, remarried; 3 sons by first marriage, 2 by second. President 11 years under current CEO H. Everett Olson (not related); resigned in 1983, still a director. Dwight Jr. v.p. in charge of pet food. Family holding co. (44% Carnation) dissolved, stock distributed 1980; Dwight now controls stock worth at least $350 million, Elbridge at least $250 million.

Kirk Kerkorian

Trading, investments. Los Angeles and Las Vegas. 67. Twice divorced; 2 children by second wife. Son of Armenian immigrants; quit trade school to help support family. Became amateur lightweight boxer 1930s; sold $100 junk cars. Switched to DC-3s after WWII;

146 members of The Forbes Four Hundred control fortunes that were mostly or entirely inherited.

built airline; sold to Transamerica 1968 for some $100 million. Broke even buying, selling Western Airlines 1970s. Big profit in Columbia Pictures battle 1981. Today has half interests MGM/UA Entertainment, MGM Grand Hotels. Celebrated high roller. Avoids attention but attracts plenty. Has "loyal inner circle." Deducting leverage, stock worth at least $350 million.

John H. Krehbiel Jr.

Molex Inc. Downers Grove, Ill. 78. Married, 2 sons. Father Fred, brother Ed founded small plastic molding outfit 1938 when Fred created low-cost plastic (Molex) from industrial waste. John Sr. president 1947. First plastic flower pots, toys; then electrical components. Profited in postwar appliance boom. Molex Inc. dropped Molex late 1960s; now buys plastic. "We're not great engineers, we're not great money people, and we're not great salespeople. We just do all of those things fairly well." Now chairman; both sons in business. Control 50% of firm, worth $345 million.

Clinton Manges

Oil, land. Freer, Tex. 61. Married, 4 adopted children. One of 6 children of migrant cotton farmers in Oklahoma Dust Bowl. Moved to south Texas 1930s for better land. While dealing real estate for father of U.S. Sen. Lloyd Bentsen (D–Tex.), acquired vast, valuable land, oil. "The first generation is always a hard s.o.b. It's the next generation that has the nice guys." Got state to join in suit against Mobil for oil lease violations. Settled 1983, now trying to sell leases. Owns over 150,000 acres, mineral interests in 50,000 more. Trouble: getting money to pump oil from ground. Also San Antonio (football) Gunslingers. Despite cash flow problems, holdings worth well over $325 million.

Leon Hess

Amerada Hess Corp. NYC and Deal, N.J. 69. Married, 3 children. Lithuanian father's small N.J. fuel-delivery firm bankrupt 1933; reorganized same year with Leon (age 18) in charge, also drove truck. Aggressively underbid competitors for federal oil contracts; entered storage business 1938. In WWII, Gen. Patton's petroleum supply officer. From 1945, integrated (first refinery 1958, service stations 1959, acquired Amerada 1969). Now Amerada Hess sales $8.4 billion. Son John, 29, v.p. Leon demanding chmn., secretive; owns over 12%. Also N.Y. (football) Jets, one-third Monmouth racetrack. Minimum net worth: $320 million.

Ernest Gallo

Julio Gallo

Brothers. Wines. Modesto, Calif. 75, 74. Both married with 2 children. Started in shed 1933 with patience, determination and roughly $5,900. Sold wine at 50 cents a gallon, half the going rate. Ever since: Smiling Julio squeezes the grapes, fierce Ernest pinches the pennies, makes millions ("You can work for him [Ernest] for 20 years. But the day he thinks you aren't working as hard as you should, he'll fire you."). Today largest U.S. vintner with over one-quarter of all wine sold in U.S. Well-integrated manufacturer: grows, picks, squeezes, bottles, distributes, collects; industry price leader. First to hire research chemists, automate, computerize operations. No public tours; no figures released: "Any disclosure is extremely distasteful." Unit volume up over 1982, but experts say dollar volume probably same (over $600 million). Joint net worth exceeds $600 million.

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The Forbes Four Hundred

William Coburn Cox Jr.

Jane Cox MacElree

Brother and sister. Inheritance. Great-grandchildren of Clarence Barron (1855-1928), Boston tycoon who built up *Wall Street Journal, Barron's,* Dow ticker. Bill: 53. London. Married, 4 children. On board Dow Jones, serves as executive director European operations; commutes by Concorde. Jane (Mrs. Lawrence E. MacElree): Newtown Square, Pa 55. Divorced, remarried; 7 children. Lives with lawyer-husband on "Fairy Hill Farm"; has raised money for Philadelphia charities. Since death of mother Jessie B. Cox (1982), they preside over $600 million in Dow Jones stock, most in interlocking trusts. *(See also Jane Cook, Bancrofts.)*

Leonard Marx

Real estate. Scarsdale, N.Y. 80. Married, 3 children. Graduated Yale 1920s, became broker. Dealt in chain-store properties, switched to shopping centers. Now owns downtown real estate in various cities (some $50 million worth in NYC alone) and many shopping centers. "We don't sell. Just buy." Still works daily: "Everybody has the obligation to produce as long as they are capable." Knowledgeable peers say net worth is over $300 million. Denied by him.

John Werner Kluge

Metromedia. Charlottesville, Va. and NYC area. 70. Married, 3 children. German-born; family settled in Detroit 1922. Put self through Columbia ('37). After WWII started D.C. radio station; also sold Fritos, Cheetos, food, silver polish; bought real estate. Got control Metropolitan Broadcasting 1959; parlayed into Metromedia. Expert at managing cash flow, diversifying (now 7 top-market TV, 12 radio stations, Harlem Globetrotters, Ice Capades, etc.). With stock price low, took private 1984 in industry's biggest leveraged buyout (some $1.2 billion). His 26% stake drew about $115 million cash, plus over 75% of new firm. Net worth already exceeds $300 million; has shot at

21 members of The Forbes Four Hundred, or 5%, are immigrants.

much more. *Klug* in German means "smart."

Roy Michael Huffington

Oil. Houston. 66. Married, 2 children. Father killed by poison dart while exploring for oil in South American jungle. Roy (Harvard Ph.D. in geology) explored for Exxon, went out on own 1956. Moderate success until 1968: Heard Indonesian area looked like Louisiana Basin geologically; made stupendous gas and oil discovery. "It's good to peel back the old earth and see the history of the world." Had to take in many partners, but keeps 17%: Partner Enstar paid $180 million for Superior Oil's 7.5% stake. Roy recently lost bid to control Enstar, run by college classmate O. Charles Honig. Net worth believed to exceed $300 million.

Abby Milton O'Neill

Inheritance. Oyster Bay, N.Y. 56. Married, 6 children. Mrs. George D. O'Neill, great-granddaughter of oilman John Davison Rockefeller, niece to David and Laurance *(which see)* and daughter of Abby Rockefeller Mauzé (d. 1976). Active in civic affairs and charities, particularly counseling for adolescents and families. Little known. Her estimated interest in Rockefeller family trusts, other assets, believed more than $300 million. *(See also other Rockefellers, A. Dayton, Ferry, Morgan, Roberts, Simpson, Thorn.)*

Ray Lee Hunt

Ruth Ray Hunt

Ruth June Hunt

Helen Hunt Hendrix

Swanee Hunt (Meeks)

Inheritance, oil, real estate. Dallas area, except Swanee in Denver. Ray Lee: 41. Married, 5 children. His mother, Ruth Ray: 67. Widowed. His sister Ruth June: 40. Unmarried, no children. Sister Helen: 35. Divorced, remarried; 5 children. Sister Swanee (Mrs. Mark Meeks): 34. Married; uses maiden name. The 2nd family of oilman H.L. Hunt, who legitimized family by marrying Ruth Ray 1957, after death of first wife 1955 (long kept families secret from each other; *see other Hunts, Schoellkopf, Hill*). Inherited Hunt Oil Co., other properties 1974. Women active in religious affairs: Ruth June works as professional Christian speaker-singer, Swanee as lay minister. Ray manages business; turned around ailing Hunt Oil, expanded exploration; this year made first-time oil discovery in desolate North Yemen. Also vast real estate development in and around Dallas, especially skyline-dominating Reunion Center. Started *D* magazine, owns other publications. Unlike half-brothers, politically active. "I decided long ago that I'm not going to compete with my father's success, or my brothers' or anybody else's." Mother's $250 million inheritance now a shared fortune over $1 billion; Ray's share over $300 million.

Jack Parker

Real estate. NYC. 69. Married, 2 children. Son of blouse manufacturer; started in Depression as lumber salesman, established own company. Built suburban homes 1950s, then took big risk: huge luxury apt. complex in Forest Hills, N.Y. (Parker Towers). It worked. Expanded into Manhattan, N.J., Fla. 1960s. Built profitable Parker-Meridien Hotel midtown Manhattan; wealthy clientele attracted by discreet, French management style. Parker's nameplate on hotel office: "Jack Parker—he owns the whole shebang." Co-oping most of 2,000 apts. on Manhattan's East Side. Building office parks NYC area, Fla. Minimum net worth: $300 million.

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The Forbes Four Hundred

Larry Fisher

Zachary Fisher

Brothers. Real estate. NYC. Late 60s. Larry, elder. Both married, each 1 child. Third generation of family in NYC real estate (Park Ave. Plaza, Burlington Building, et al.). Two sons, 3 nephews in the business. Zachary: "The banks always look at your continuity." Secretive. Own roughly 6 million sq. ft. office space. Respected for good architectural sense. When Daniel Ludwig *(which see)* left NYC real estate circa 1972, kept interests with Fishers. Follow "3 basic rules of the trade: location, location and location." Larry is tough negotiator, baseball fanatic. Zachary bankrolled effort to turn 900-ft. aircraft carrier *Intrepid* into floating museum. Share minimum net worth of $600 million.

William Clay Ford

Henry Ford II

Josephine Clay Ford

Brothers and sister. Grandchildren of *the* Henry Ford. Their Class B Ford Motor Co. is 40% of voting stock. Henry: 67. Palm Beach. Twice divorced, remarried; 3 children by first wife. Named Ford director third year at Yale (never graduated). Released from Navy after father Edsel's death 1943. Two years later took over company at 28. Reorganized, rebuilt from $8 million loss 1946 to $260 million profit 1950. Considered early retirement but "when I got to be 40 I just wasn't ready to quit." After 34-year reign, chose first non-Ford to steer company 1979. With immediate family's stock, art, other interests, net worth exceeds $200 million. Josephine (Dodie): 61. Grosse Pointe, Mich. Married, 4 children. Husband Walter B. Ford II is unrelated Ford from old Detroit banking family. Major contributors to Detroit Institute of Arts. Her stake worth $170 million. William Clay: 59. Grosse Pointe Shores, Mich. Married, 4 children. Also director while at Yale. Named to Ford Executive Committee 1978. Henry ran Ford; William bought, ran Detroit (football) Lions instead. Became Eugene McCarthy's running mate 1976 (for 6 days). Has personal golf course, real estate. Wife is Martha Firestone. His minimum net worth: $300 million.

Gerald Douglas Hines

Real estate. Houston. 59. Married, 2 children. Was building systems engineer 1950s. Real estate sideline: started with $16,000 conversion of frame house into offices; became full-time occupation 1957. Worth $6 million when awarded bid to build Shell Oil 50-story Houston offices. Built famed Galleria, others, went nationwide 1970. Now owns, often with half-interest partners, over 66 million sq. ft., mostly commercial space in 34 cities, incl. 9 million sq. ft. downtown Houston. Known for striking architecture (Pennzoil Place), renowned architects (Philip Johnson, I.M. Pei), reasonable construction costs. Minimum net worth: $300 million.

William Bernard Ziff Jr.

Publishing. NYC. 53. Divorced, 3 sons. Father cofounded Ziff-Davis 1930s. After his death (1953), son bought out Bernie Davis. Ziff Corp. now prosperous: some 70 publications *(Car and Driver, Popular Photography)* for young, special-interest audience. Also trade mags; moving rapidly into computer field. Added TV stations late 1970s; recently sold all 6 for $100 million. Private; lives in modest Manhattan town house. Observer: "The first thing you would do if you moved in was decorate—not redecorate." Serious-minded: "I think the dreariness of small talk is something that we should all take arms against." With real estate, his net worth estimated to be at least $300 million.

Wilton Robert Stephens

Jackson Thomas Stephens

Brothers. Investment banking, oil and gas. Little Rock, Ark. Witt: 76. Widowed, remarried; 3 children. Jack: 61. Divorced, remarried; 5 children. Witt sold belt buckles, Bibles, suspenders for many years; began buying depressed Arkansas municipal bonds 1933. Founded Stephens, Inc. with Jack 1946. Now one of top 10 investment bankers in nation, largest off Wall Street. Witt: "Professional country boy," Arkansas kingmaker. Jack: "None of his brother's charm," Annapolis classmate of Jimmy Carter, taking over as Witt ages. Extensive oil, gas holdings. Control First Arkansas Bank, state's largest. Brothers share estimated $600 million.

Gordon Earle Moore

Intel Corp. Santa Clara, Calif. 55. Married, 2 children. As Caltech Ph.D., recruited 1956 by William Shockley, coinventor of transistor. Left 1957, cofounded Fairchild Semiconductor with Robert Noyce. Started Intel 1968 with $2 million backing; introduced silicon gate metal oxide semiconductor, the basic chip technology. "We're in the business of revolutionizing society." Sales now $1.1 billion. Success from surpassing own designs. "A technical visionary," but he demurs: "I'm not much of a technologist anymore." Enjoys deep-sea fishing. His Intel stock, other holdings, worth $300 million.

159 members of The Forbes Four Hundred are entirely self-made.

Walter Herbert Shorenstein

Real estate. San Francisco. 69. Married, 3 children. Born in Glen Cove, N.Y.; demobilized 1945 in S.F. with separation pay, little else. Got commission job as real estate salesman for Milton Meyer & Co.; became partner 1951; sole owner upon Meyer's death 1960. Builder numerous high-rises S.F. financial district; also L.A., Houston, Kansas City. Much with institutions. Recently restructured. Now owns over 2 million sq. ft. prime office space, manages properties worth over $2.5 billion (e.g. Transamerica

Pyramid). Heavy Democratic fundraiser; served as finance chmn. of host committee for 1984 convention (S.F.). Net worth estimated at $300 million. Son Douglas, 30, being groomed.

Albert B. Alkek

Oil. Victoria, Tex. 73. Married; 1 son, 1 daughter. Borrowed $250 from rancher-father to try luck in oilfields. First well, 1939. Met mentor-patron Harry F. Sinclair (founder Sinclair Oil) 1941; merged, firm became Sinclair-Alkek 1948. Bought out Sinclair 1952. By 1965 annual volume of Alkek's personal stock market trades amounted to $75 million. Claims to have made more than $1 million on some days. Credits wife for success. On 30,000-acre Texas "Flying A Ranch" built 200-foot-wide waterfall, imports exotic animals, breeds deer for zoos. Net worth about $300 million.

John Lee Cox

Oil. Midland, Tex. 59. Married; 1 son, 1 daughter. Grew up in tiny southwestern Texas town where father worked for oil company. Graduated Rice U., became petroleum engineer 1946. Decided 1952 "I can do this on my own." Settled in Midland. Major operations in Sprayberry Trend in west Texas, now among largest private oil producers in state; also Okla., N.M. Drills more than 100 wells a year. Son, son-in-law in business with him. Net worth estimated at about $300 million. "I don't pay any attention to it."

The Forbes Four Hundred average 3.14 children apiece. National average: 2.33.

Leonard Samuel Shoen

U-Haul. Las Vegas; Scottsdale, Ariz. 68. Widowed, thrice divorced, remarried; 7 sons, 5 daughters. Barber business financed Oregon med school tuition ("My income exceeded the governor's."). In Navy WWII, saw need for move-it-yourself vehicles. Started U-Haul in Portland 1945 with $3,000. Now largest, with $720 million sales, 6,000 dealers, 90,000 trailers (50%-owned), 70,000 trucks, etc. Started home equipment rentals 1983; higher-priced independents scared. U-Haul "commanders" (managers) urged to use per diems at McDonald's (late Ray Kroc his idol). Puts in 12-14-hour days: "It used to be more, but now I need the rest." L.S. controls parent Amerco, 92% owned by family. Net worth estimated at $300 million.

Carlton Beal

Oil. Midland, Tex. 68. Married, 4 sons; all in business. MIT graduate 1945. Cofounded BTA Oil Producers 1952 in Los Angeles; moved to Midland 1954. Bought out partner, fellow-Midlander Allen (Moose) Trobaugh, mid-1960s. Recently built Midland's first helipad atop BTA's office. "This is the best way to travel in an oilfield." Oil reserves Texas, Louisiana, Oklahoma, New Mexico worth about $300 million.

Sydney Mark Taper

First Charter Financial Corp. Los Angeles. 82. Widowed, 3 children. Born in Warsaw, educated in England. Bought real estate firm at 27, built homes in Britain during Depression, retired by 37. Immigrated to Calif. ahead of WWII, brought capital, talent for thrift: "In England we despised waste. Waste was evil." Opened S&L to help returning GIs save. Founded First Charter 1955. Despite revolving-door management, became 3rd-largest S&L in U.S. Merged with more daring Financial Corp. of America 1983. Taper's 35% (control) brought over $285 million cash. With other assets, net worth estimated at $300 million.

Carl Henry Lindner II

Insurance, banking. Cincinnati. 65. Married, 3 sons. Dropped out of school at 14 to help pull family's dairy business through Depression; with brothers started own ice cream store 1940. Built United Dairy Farmers to 200-store chain. Entered savings and loan business 1950s as American Financial Corp., added casualty insurance 1971. Disliked scrutiny by public, SEC; went private 1981. All moves highly leveraged. Insurance now some 75% of roughly $2.5 billion AFC revenues, also major stakes in 20-plus public cos. Strict Baptist; known for 16-hour workdays. Brother Robert has minor interest; Carl, approx. 90% AFC. With banking, etc., net worth at least $275 million.

Roy Hampton Park

Park Communications. Ithaca, N.Y. 74. Married; 1 son, 1 daughter. Poor farm boy, started N. Carolina State Univ. at 15; paid for by writing for A.P., running college paper. After 17 years in public relations and advertising, cofounded Duncan Hines cake mix business, merged 1956 into Procter & Gamble. Bought first TV station Greenville, N.C. 1962. Today 7 TV, 14 radio stations, may buy more with FCC rules relaxed. Also 75 publications (25 dailies). Lifetime workaholic; vacations rare. Hobbies: raising peacocks, collecting classic cars and watches. Went public 1983; kept 89%. With other stocks, real estate, some citrus groves, net worth is minimum $275 million.

Alexis Felix du Pont Jr.
Alice Francis du Pont Mills
Helena Allaire du Pont

Brother, sister, sister-in-law. Inheritance. Descendants of A. Felix Sr., distant cousin who sided with Pierre in family split 1914 *(see Pierre S. du Pont family, du Pont family)*, got 8% Christiana Securities. A. Felix Jr.: Wilmington, Del. 78. Divorced, remarried; 3 children by first wife, 1

by second. Early test pilot, executive in several small aircraft companies, now retired. Once built cradle in private plane for infant son. Alice (Mrs. James Paul Mills): Hobe Sound, Fla. 71. Married, 3 children. Raises horses, paid $325,000 for ill-fated Devil's Bag, syndicated for $36 million. Daughter married artist Jamie Wyeth. Estimated net worth, brother and sister, is $275 million each. H. Allaire: Chesapeake City, Md. 60s. Widowed, 2 children. Husband Richard Chichester du Pont noted pilot killed in WWII glider crash. Horse breeder; among first women admitted to Jockey Club 1983. Her inheritance, with children, also could be $275 million now.

Betsey Cushing Roosevelt Whitney

Inheritance. Manhasset, N.Y. 76. Divorced, widowed; 2 children by first marriage. Daughter of noted brain surgeon Harvey Cushing. Married James Roosevelt, eldest son of FDR, who called her "my favorite daughter-in-law"; divorced 1940. Met John Hay (Jock) Whitney at 1941 dinner party, married 1942. He was last publisher of *New York Herald Tribune*, heir to vast 19th-century fortune (oil, tobacco, street railways, land). Died 1982. She inherited nearly all: media interests, equity in J.H. Whitney, etc. Also major art collection, first seen by public 1983 in National Gallery in limited run. Lives on 500-acre Long Island estate. Worth at least $275 million.

William Randolph Hearst Jr.
Randolph Apperson Hearst
David Whitmire Hearst

Inheritance. George Hearst, silver miner, Calif. senator, bought run-down *San Francisco Examiner* 1880, gave to son William Randolph 1887, who became America's most flamboyant and controversial media baron. Outsensationalized Pulitzer *(see family)* during great NYC press wars turn-of-the-century. Spent lavishly building chain (d. 1951): "I never plan any extensions, but newspapers seem just naturally to keep coming to me to be taken over." Today, 14 dailies, 13 U.S. consumer mags. (also specialty, overseas), 5 TV stations, 7 radio, cable, books, real estate, timber. Three of 5 sons surviving. Family gained control 1974, despite WRH's will, by having foundations sell out to family trust. William Jr.: NYC. 76. Twice divorced, remarried; 2 children. Editor-in-chief Hearst newspapers from 1955; helped chop, consolidate, sell off properties. Heads key family trust. His column won Pulitzer 1956. Pleasant-mannered. Brother Randolph: Hillsboro and Paso Robles, Calif. 68. Divorced, remarried; 5 daughters by first wife. Heads flagship San Francisco newspaper. Brother David (Randolph's twin): Beverly Hills. Married, 2 children. Ran *Los Angeles Herald-Express* 1950-60 (now *Herald-Examiner*), semiretired from age 45. Plays golf, otherwise semi-reclusive. Each brother has 20% interest in minimum $1.3 billion trust. Other 40% held by children of deceased brothers *(see Hearst grandchildren)*.

Howard Brighton Keck
Willametta Keck Day
William Myron Keck II

Superior Oil Company. Descendants of William M. Keck Sr., celebrated, imperious wildcatter said to taste-test drilling-core samples. Founded Superior 1921. Pioneered offshore Louisiana, Venezuela. Set drilling records, made firm leading independent with largest reserves. Sons William Jr. (d. 1982), Howard grew up rivals. Father forced to choose successor (Howard) after 1959 attempt to sell blocked (anti-trust). Howard: Los Angeles. 71. Married, 4 children. After father's death 1964, ran like private fiefdom until 1981; diversified. No heir-apparent: Only son prefers banking. Tight-fisted. Hand-picked management forced him off board 1983 during family feud (he opposed takeover). Sister Willametta: Reno, Nev.; Santa Barbara, Calif. 68. Divorced, 4 children. Long resented Howard's rule; inactive until 1983 proxy battle; won. Told press, "I was doing some estate planning." Their nephew William II: Los Angeles. 42. Divorced, 3 sons. Son of deceased third sibling William Keck Jr. (shunned by Howard: used separate jets). William II co-executor of father's will, voted with aunt in feud, anxious to sell. After resignation, Howard about-faced: actively sought buyer, launched own proxy fight. Superior finally bought by Mobil for $5.7 billion 1984. After taxes, Howard received $260 million, Willametta $160 million, William $180 million. Foundation, charities got over $500 million.

William Barron Hilton

Hilton Hotels. Los Angeles. 56. Married, 8 children. Mischievous as youth. College dropout. Turned down first job from father Conrad: salary too low. Worked as hotel bellman, navy photographer's mate. Then proved self with small business deals. Hired by father 1954. Became president 1966, expanded empire. Founded San Diego (football) Chargers 1960 (still owns 20%). Political conservative. Flies own fleet of planes. On death of father 1979, inherited option to buy 25% of firm on handsome installment plan. With present value of stock arrangement, other assets, net worth exceeds $260 million.

Charles Henry Dyson

Conglomerator. NYC. 75. Married, 4 children. Decorated WWII Air Force colonel. Left Textron as v.p. 1949 because he felt not diversifying fast enough. Teamed up with former colleague Franklin Kissner 1956. Dyson-Kissner Corp. (now Dyson-Kissner-Moran) built up conglomerate, Wallace-Murray. Merged into Household Finance Corp. 1981. Son John chairman NYS Power Authority from 1979, owns E.P. Dutton, Inc. (book publisher). Son Robert has several radio stations. Father low-key, usually avoids publicity; controls family's 100% voting stock in DKM. Major public stakes (Household, Esterline Corp., Kearney-National), vast private holdings worth over $250 million.

Morton K. Blaustein
Ruth Blaustein Rosenberg
Henry A. Rosenberg Jr.

Inheritance. Baltimore. Heirs of Louis Blaustein (1869-1937), penniless Russian immigrant who deliv-

ered kerosene door-to-door. May have opened country's first gas station (Baltimore). Invented forerunner metered gasoline pump, anti-knock gasoline. Founded American Oil 1910. After 17-year lawsuit, merged into Standard of Indiana for 5.25 million shares 1954 (since split 2-for-1). Grandson Morton: 57; divorced, 2 daughters. His Aunt Ruth: 85; widowed. Her son Henry: 54; married, 3 sons. Henry runs 50%-owned Crown Central Petroleum, Morton runs American Trading & Production Corp., private oil and gas exploration co. Also substantial real estate, oil tankers, bank stock, etc. Numerous philanthropies. Share fortune over $750 million.

Victor Posner

Financier. Miami Beach. 66. Twice divorced, 4 children. Ran father's Baltimore food store at 8, left school at 13 to oversee others. Sold out for Baltimore real estate, built empire selling rowhouses, holding land. Says made first million by 20. Started buying Florida property 1950s. Later, undervalued, asset-rich public companies. Now controls 16, stakes in over 40. Shuns publicity, social affairs, also labeled as corporate raider: "What a bunch of crap. I'm an 'investor.'" Settled some skirmishes with SEC 1970s; now fighting 1982 indictment for $1.25 million tax evasion, filing false returns. Net worth may well exceed $250 million. He claims much higher.

110 members of The Forbes Four Hundred, 27.5%, have been divorced at least once.

Vivian Leatherberry Smith

Inheritance. Houston. 76. Widowed, 2 daughters. Husband R.E. (Bob) Smith started in oil, used profits to buy land in Harris County (in and around Houston) starting 1950s: "I believe completely in inflation." At one point owned 17 square miles inside city limits, was largest landholder in county. Also ranches elsewhere. Helped bring major-league baseball to Houston; owned land under Astrodome. Believed to be worth $500 million at death 1973. Vivian a director of Cullen/Frost Bankers, Inc. in San Antonio. Her trusts, etc. believed to far exceed $250 million.

Patrick Joseph McGovern

Publishing. Nashua, N.H. 47. Divorced, remarried; 2 children. "With 4 weeks of paper route money," built computer while teenager. Edited computer magazine at MIT, saw need for market census. Launched International Data Group 1964. Started newspaper 1967 as "ad": *Computerworld*, now largest specialty publication of its kind (circulation 120,000). Slowly selling stock to employees as business prospers: now 62 publications, projected $250 million revenues 1984, claims 10% net earnings, no debt. Still owns 80%. Soft-spoken, always traveling. Has little time for hobby: mountain climbing. Current wife is Lore Harp, Vector Graphic founder. Net worth far in excess of $250 million.

David B. Shakarian

General Nutrition, Inc. Pittsburgh; Bal Harbour, Fla. 70. Married, 2 children. Pioneered mass marketing of health food. Armenian-born father was first yogurt importer U.S.; ruined in Depression. David opened own store age 25, did $35 first day. Had 6 outlets by WWII. Broke the health-nut stereotype: "The idea of paying more attention to what you eat didn't seem nutty to me." Began serious expansion late 1960s. Built chain of flashy discount health stores. Now over 1,200 outlets. Chairman and CEO; currently ill. With recent competition, stock down; immediate family's 80% holding, plus big Fla. real estate development, worth well over $250 million.

James R. Cargill

Margaret Cargill

Brother and sister. Cargill, Inc. Great-grandchildren of William W. Cargill (d. 1909), founder of grain-trading giant (*see Cargill/MacMillan family; also individual MacMillans, Keinath, Pictet*). James: Minneapolis. 61. Married, 3 children. Joined company 1947, rose to v.p. 1963. Now senior v.p., director; has office in company headquarters, but said to work mainly on own business affairs. Expert trout fisherman. Margaret: La Jolla, Calif. 64. Single. Little known. Together, believed to own their family branch's 25% Cargill stock, worth at least $500 million.

William S. Paley

CBS, Inc. NYC and Southampton, N.Y. 83. Divorced, widowed; 4 children, 2 stepchildren. Grandfather had thriving lumber firm in Russia, father Sam made cigars in Philadelphia. Bill joined him after Wharton, later got control (1928) of failing radio network for $500,000, now CBS. Was ladies' man, party-lover; once said he'd quit at 35 to bask in the sun. Instead built CBS to pre-eminence. Raided NBC's talent pool 1940s. Left as chairman 1983, now "consultant." From 1972, chmn. of board Museum of Modern Art (NYC). His own collection worth big money. With over 7% CBS, plus smaller holdings media, oil, computer and genetics research, etc., minimum net worth is $250 million.

Marshall Field V

Frederick Woodruff Field

Half-brothers. Inheritance, media. Original Marshall Field arrived Chicago 1856; started as salesman, built up Marshall Field & Co. into world's largest department store (maxim: "Give the lady what she wants"). Marshall III sold store 1941. Started *Chicago Sun* (added *Times* 1948), built substantial media empire. After untimely death of Marshall IV (1965, age 49), Harvard-

fresh Marshall V started 4-year crash journalism course; publisher by age 28. Shared Field Enterprises (TV stations, cable, syndicate, *Sun-Times*, etc.) with half-brother Frederick (Ted), who prompted recent dissolution. Marshall: Chicago. 43. Divorced, remarried; 3 daughters, 1 son. Conservative; astute. Kept Cabot, Cabot and Forbes (real estate) for self. Also plans new media co. "We've been like the amoeba . . . splitting apart. But he [Ted] can run his life any old way he wants." Ted: Los Angeles. 32. Separated, 1 daughter. Some real estate interests. Reportedly quit racing cars, now producing movies (e.g., *Revenge of the Nerds*). Each owned over 40% of firm (sisters had nonvoting interests). Each half-brother worth $250 million or more.

Ted Arison

Shipping. Miami Beach. 60. Married, 3 children. Fourth-generation Israeli, quit college to fight in Jewish Brigade; now U.S. citizen. Father owned largest Israeli shipping firm; Ted left 1952 to build Miami's Carnival Cruise Lines from scratch: 4 luxury "fun" ships, like TV's *Love Boat*; always booked, gambling on board. Some $12 million profit per ship; no taxes. Building 3 new ships with $350 million loans. Also banking, real estate (building luxury condo Miami, housing projects Atlanta), Nassau casino, 5 bulk carriers. Says wants to retire, but hasn't the time: "When I'm not working, I'm working." Foundation supports promising teenage artists, brings them to Miami. Net worth: at least $250 million.

Paul Kalmanovitz

Beer, real estate. Tiburon, Calif. 78. Married, childless. "Mr. Paul" arrived from Poland at 20 as merchant seaman. Little money, no schooling. Washed cars, learned English; later managed, then bought into nightclubs, apt. houses. Took over Los Angeles' 102 Brewery in 1950 real estate swap. Today controls Falstaff, Pearl, General Brewing. Lost bid for Pabst 1982. Secret: cheap beer (little advertising, low overhead). Very patriotic (buys U.S. only). Hard-nosed, litigious, reclusive. Workaholic with a pacemaker. With land, etc., net worth at least $250 million, all evidently willed to charity. "A sale without profit is a sale without honor."

Melvin Simon

Shopping centers. Indianapolis. 57. Divorced, remarried; 5 children. Born Brooklyn to garment district tailor. Sold encyclopedias in army; then leasing agent for shopping centers at $100/week against commission. With brothers, on own 1959; now one of biggest builders: 125 centers in 22 states. Own, manage 90 (nearly 50 million sq. ft.). Shares Indiana (basketball) Pacers with brother Herb. With Sam LeFrak *(which see)*, breaking ground on futuristic "Newport City": downtown renewal near NYC. Workaholic; often out of breath. His two-thirds of Melvin Simon & Associates (Herb owns rest), other interests, estimated to be worth at least $250 million.

Laszlo Nandor Tauber

Real estate. Potomac, Md. 69. Divorced, remarried; 2 children. Champion teenage Hungarian gymnast; surgeon 1942. Nazi camp 1944, second escape successful. To U.S. 1947 with $700. Invested in real estate early 1950s to finance own hospital: "It's never the same as when you're chief." Soon, put up own buildings. Now largest landlord U.S. government: over 3.5 million sq. ft. Washington, D.C. office space. First, very low rent—then renegotiates when lease expires. Also NYC (AMA building, et al.). Usually owns 75%, 25% tax shelters for friends. Millions to Holocaust study; also gifts to medical schools, 50 families in Hungary, Israel. Minimum net worth: $250 million. *(See story p. 40.)*

Thomas Monaghan could make a pizza pie in 27 seconds a decade ago; he reports he is currently out of practice.

Seymour Cohn

Real estate. NYC and Upper Brookville, N.Y. 73. Widowed, 2 children. After WWII lived next to brother, Sylvan Lawrence, in Levittown, N.Y.; they found apt. tenants for commissions. Turned profits on small buildings; parlayed gains into largest, if unsung, commercial real estate holdings in lower Manhattan. Includes 2.5 million-sq.-ft. West Side office building, larger than Empire State Building. In past year sold $125 million of properties; seeking to reinvest. Sylvan ran firm until death 1981. Seymour oversees, but spends much time breeding racehorses, charity fundraising. His half of properties worth at least $250 million. Sylvan's heirs hold other half.

Howard Kaskel

Real estate. NYC. 47. Married, 6 children. Father Alfred (d. 1968) built up Doral chain: hotel, country club in Miami (doing poorly in tourism slump), 3 NYC hotels (doing well). Family added large Madison Ave. office building, substantial apt. properties Conn., outer boroughs NYC; horse breeding farm near Pawling, N.Y. Howard, with family members, has managed successfully. Reserved manner. "You can be obnoxious if you made it yourself. But I have to remember where the wealth came from." Despite trouble renting new 500-unit Doral Plaza (Chicago), net worth at least $250 million.

Marshall Edison Rinker

Cement. Palm Beach. 79. Married, 3 sons. "Doc" arrived in Florida 1926 with one dump truck. Hauled rocks, sand, sold ready-mix concrete. Steadily grew along state's

east coast through building booms and busts. Now biggest concrete producer in Florida, still expanding. Works 7 days a week. Enjoys Sunday drives to visit cement plants; schedules staff meetings 6:30 a.m.: "It's his child." Son, David, resigned as president 1983. Two other sons in management. Rinker's control of company, with $300 million sales and vast land holdings throughout state, worth at least $250 million.

Doris Duke

Inheritance. Somerville, N.J. et al., 71. Twice divorced, no children. Daughter of James Duke (Duke Univ.), self-made founder of American Tobacco Co. She inherited $70 million at 13. Became object of relentless press scrutiny: "I wish I could go into a store and shop for things just as a girl." Lavish homes in NYC, Newport, R.I., Honolulu, etc., but greatest luxury is "not to be known as Doris Duke." Sole contributor Newport Restoration Foundation, which refurbishes 18th- and 19th-century homes. Major beneficiary of the Doris Duke Trust. Her interest and other assets believed to exceed $250 million.

Jane Engelhard

Inheritance. Far Hills, N.J. Mid-60s. Twice widowed, 5 daughters. Father was Brazilian diplomat. Second husband was Charles Engelhard Jr., legendary "Platinum King" (Engelhard Minerals & Chemicals), racehorse enthusiast, art collector, prototype for James Bond character Goldfinger (author Ian Fleming was personal friend). Charles, Jane traveled together worldwide in private transoceanic jetliner. He built $20 million inheritance into estimated $300 million estate; d. 1971. Jane lives at "Cragwood"; devoted to daughters, many charities. Trustee Metropolitan Museum of Art, NYC. Estimated minimum net worth: $250 million.

Donald Worthington Reynolds

Publishing. Fort Smith, Ark. and Las Vegas. 78. Thrice widowed, 3 children. U. of Missouri journalism grad ('27), fired from first 2 jobs:

At least 12 members of The Forbes Four Hundred did not finish high school. At least 40 finished high school only. At least 306 attended college; 226 graduated. Postgraduate degrees: M.B.A. 28; Law 15; Medicine 3; other 26.

"Didn't get enough stories and didn't sell enough ads. I haven't been fired since." Helped publish *Yank* magazine WWII. Since war, built Donrey Media Group: 84 publications (51 are dailies), TV, radio stations, billboards, small shopping centers. Just got rid of Thoroughbreds ("They didn't run fast enough"). Now moving into cellular radio, fish farming. Named friend and cable partner Robert Howard *(which see)* estate executor. Foundation set to inherit business worth at least $250 million.

Dorothy Stimson Bullitt

Broadcasting. Seattle. 92. Widowed, 3 children. Father C.D. Stimson, pioneer Seattle lumberman early 1900s, amassed real estate (d. 1929); husband A. Scott Bullitt, state Dem. leader (d. 1932). Dorothy managed property; bored, bought Seattle radio station 1947, Northwest's first TV 1948. "It was a risky adventure. The station came before the sets." Now King Broadcasting: 4 TV, 6 radio, cable stations. Son Stimson left for real estate interests 1973; daughters help run King; mother in on key decisions (e.g., no merging). Insider: "She's a sharp old lady." Rafted down Colorado rapids age 85 (sat in bow). Family backs peace issues: Seattle TV among first to decry N. Vietnam bombing 1966. Control company worth at least $250 million.

Miles Collier

Inheritance, investments. Naples, Fla. 37. Single. Grandson of Barron Gift Collier, pioneer of streetcar advertising, who used $5 million annual income to buy 1 million acres southwest Fla. early 1920s; state renamed it Collier County. Estimated $400 million empire split 1980. Miles controls half: 170,000-plus acres mostly undeveloped, oil and mineral rights to 400,000 more, venture capital, 50% *Naples Daily News*, etc. (7 relatives control other half). Leases or develops: "Any fool can sell." Bright, witty, preppie. Weekends in Palm Beach to visit mother, Porsche collection. Minimum net worth: $250 million.

Oakleigh Blakeman Thorne

Commerce Clearing House. Millbrook, N.Y. 52. Married, 3 sons, 1 daughter. Great grandson of CCH's founder, who took over predecessor company, renamed 1927. Publishes updatable loose-leafs translating recent tax laws, court decisions, etc. into plain English: IRS among biggest subscribers for CCH's tax reports. Firm situated in Chicago; Oakleigh controls from NYC. Sales $400 million, net aftertax 6.6%. Serves wines from his Millbrook vineyard; owns interest in 9 mares. With immediate family's 44% (4 million shares), net worth at least $250 million.

Louis Larrick Ward

Russell Stover Candies, Inc. Kansas City, Mo. 64. Married; 2 sons, 1 daughter. Navy WWII. Bought small paper-box co. 1952. Major customers: Hallmark Cards, Stover Candies. Saw latter's potential. With partner bought for $7 million cash 1960, went public. Became famous for hand-dipped chocolates, innovative packaging, high quality for less: "The consumer is good to us, and we're real good to him." With $50 million took company private 1981. Now family-owned (both sons in business), highly profitable, efficient. Market value if sold: estimated at $250 million. Also other assets.

The Forbes Four Hundred

Clint William Murchison Jr.

Oil, investments. Dallas. 61. Divorced, remarried; 4 children by first marriage. Son of famous Texas oilman and one-man conglomerate Clint Sr. (d. 1969), who once owned 115 companies. ("Money is like manure. You have to spread it around.") Clint Jr., late brother John (d. 1979) did: 17% Centex, Kirby Exploration, etc. Launched Dallas (football) Cowboys with $600,000 in 1960. Sold for some $60 million 1984, partly due to failing health: "I can't enjoy those things I previously enjoyed as an owner . . . being the Cowboys' number one fan." Also ranch land, real estate. Despite cash flow, creditor problems, worth at least $250 million.

Pierre Samuel du Pont III

Mary Belin du Pont Faulkner

Edith du Pont Pearson

Willis Harrington du Pont

Inheritance. Surviving children of Lammot du Pont, brother and key associate of Pierre Samuel; president Du Pont company 1926-40, chairman 1940-48; d. 1952 *(see Pierre Samuel du Pont family, du Pont family).* Pierre III: Rockland, Del. 73. Married, 3 children. Rose to v.p. Du Pont company, resigned under pressure after outside business failures. Passionate yachtsman. Son Pierre IV present governor Del. Mary (Mrs. James Morison Faulkner): Boston area. 77. Married, 7 children. Obscure. Edith (Mrs. George Burton Pearson Jr.): Montchanin, Del. 72. Widowed, remarried 1968; 5 children by first marriage. Husband retired Del. judge. Willis: Palm Beach, Fla. 48. Married, 3 children; son of Lammot's fourth wife (siblings by first). Citrus, cattle, banking investments in Fla. Siblings believed to share roughly equally in father's estate. Pierre III's worth probably lower because of business losses. Their combined fortunes now at least $1 billion.

Philip Knight (Nike shoes) is believed to hold the record for the one-mile run by a centimillionaire (4:12).

Richard Marvin DeVos

Jay Van Andel

Partners. Amway Corp. Ada, Mich. 58, 60. Each married, 4 children. Next-door neighbors, high school buddies. After WWII tried flying service, then hamburger stand, then bought and sailed schooner to Cuba (it sank). Started Amway 1959 in basements. Today second-largest direct-sales firm (behind Avon); reports nearly $1.2 billion revenue. Recruits housewives, others, to peddle some 350 products (e.g., soap) preaching free enterprise, American dream. Claims 1 million distributors in 40 countries and territories. Real money: finding recruits, getting override, building selling structure. If you do, Amway profits; if you fail, Amway profits anyway. FTC probe 1970s: Firm not a pyramid scheme, but earnings claims were misleading. 1983: The company pleaded guilty to evading Canadian Customs duties 15 years, fined $20 million; still face huge civil charges. DeVos ("the Billy Graham of the soap set") leaves crowds spellbound. Quiet Van Andel behind-scenes business whiz. Also interests radio, real estate. Sales down 1983 (first time ever), but firm probably still worth $500 million or more.

John William Berry

Yellow Pages. Dayton, Ohio. 61. Twice divorced, 5 sons. Father Loren Berry ("Mr. Yellow Pages"), poor boy from Wabash, Ind., sold horseradish door-to-door age 8, later ad space for railroad schedules. Settled in Dayton 1910 with $200. Began to persuade telephone companies to let him sell directory ads, was paid often with substantial telephone stock. Died 1980 at age 91, a Dayton legend. John now running L.M. Berry Co., one of largest worldwide publishers of Yellow Pages. Over $500 million U.S. sales, plus joint venture overseas with ITT. Private, philanthropic. With immediate family, net worth should be at least $250 million.

Robert Winship Woodruff

Coca-Cola. Atlanta. 94. Widowed, no children. Left college, bored, at 20. Rose to v.p. of White Motor Co. Father formed syndicate to buy Coca-Cola 1919 with $25 million. Robert took over debt-ridden firm 1923. In 4 years, erased debt, retired preferred stock, split common, raised dividends. "It was the first time in my life I felt rich." Served Coke and country WWII when supplied servicemen overseas at 5 cents a glass. Led to big postwar international expansion, now in 155 countries. "Retired" 1955, but active until left directorship 1984. Controls over $400 million in foundations. Owns outright 2.6% of Coke; with other assets, minimum net worth is $250 million. Brother George's stock worth $110 million.

Katharine Graham

Washington Post Co. Washington, D.C. 67. Widowed; 3 sons, 1 daughter. Father Eugene Meyer, Wall St. banker, built up Allied Corp. predecessor. Bored in retirement, purchased bankrupt *Post* 1933. Kay and husband Philip took over 1946. Expanded, bought *Newsweek* 1961. Since Philip's death 1963, has run firm. Her direct but low-key management style effective, respected. Also 4 TV stations (total revenues near $900 million). Newspaper broke famed Watergate story 1972. Known since for tough reporting. Son Donald, 39, *Post* publisher, but she controls majority Post Co. voting stock. Graham fortune $250 million or more, much in children's names (and trusts).

Kenneth William Davis Jr.

Thomas Cullen Davis

William Selden Davis

Brothers. Inheritance. Ft. Worth. Sons of Ken Davis Sr. (d. 1968), founder Kendavis Industries, other, at least $2 billion revenue oilfield equipment, contract drilling, exploration, production. Each inherited over 30%. Ken (who now runs company) and Cullen forced out youn-

ger brother Bill, who got $100 million-plus out-of-court settlement 1976. Older brothers' holdings now worth at least $250 million each. Bill: 48. Divorced, remarried; 2 children by first marriage, 3 with second wife. Runs father's oil and gas outfit, Davoil, Inc. Net worth believed to exceed $150 million. Ken Jr.: 58. Divorced, 3 children. Reclusive. Cullen: 50. Twice divorced, remarried; 2 children by first wife. Richest man ever tried for murder. Acquitted 1977, 1979 in killing of second wife's male friend, stepdaughter. Also charged with seeking to kill divorce judge; charge dismissed 1979. Now born-again Christian. Last year reportedly smashed collection Oriental sculpture representing "false gods." Rest of fortune intact: "A person doesn't have to give up material wealth to follow Jesus unless He tells you to."

Sigfried Weis

Robert Freeman Weis

Cousins. Weis Markets, Inc. Sigfried: Lewisburg, Pa. 68. Robert: Sunbury, Pa. 65. Both married, each 3 children. Yalies; updated fathers' grocery store chain to modern supermarket empire. Now 118 stores, mostly in central Pa.; margins more than 4 times industry average on $892 million sales. Sig's secret: "I always answer with a flip response—superior management"; i.e., careful control of cost, quality, distribution ("We count sheets of toilet paper and facial tissues"). More than 1,100 private-label products, from cheddar cheese to shredded coconut. Also Amity House family-style restaurants (mainly ice cream). Soft-spoken Sig, president, collects antiques, owns 35% worth $245 million. Behind-scenes Robert, v.p. and treasurer, owns 28% worth $200 million; his sister Ellen, another $62 million.

Leon Levine

Family Dollar Stores. Charlotte, N.C. 47. Married, 4 children. At 13, after father's death, learned retail business helping mother run family department store. Opened first Family Dollar store age 21 ("I had a bigger vision. I felt my talents were greater than spending 30 minutes selling a $50 suit"): self-service, no-frills retailing. Had 100 stores by 1971, 400 by 1980, 760 today. Mainly serves low-, middle-income families in rural, small-town Southeast. Annual sales clothes, household goods over $200 million. Price ceiling $14.99 on 90% of merchandise. With 40% stake, plus recent stock sales, worth at least $235 million.

Estée Lauder

Leonard Alan Lauder

Ronald Steven Lauder

Cosmetics. NYC and the Hamptons. Estée born and raised Queens, N.Y.; married high school classmate Joseph (d. 1983). Peddled skin creams for Viennese uncle, attached her name to several brands. Launched own company with 4 products 1946. By 1960, sales over $1 million (mostly from Youth Dew fragrance). Today Estée Lauder, Inc. is third largest cosmetics-and-perfume firm: over $1 billion sales (Clinique, Aramis, etc.). Some 40% of all dept. store cosmetics sales. Expanding overseas. Estée: 79. Widowed, 2 sons. No longer running daily operations, but "Blue Lady" (her color) still reigning queen of industry. Noted for uncanny "sixth sense" in fashions, fragrances, consumer trends. Gave $10 million to U. of Pa. for international business school 1983 (both sons Wharton grads). Leonard: 51. Married, 2 sons. Current CEO; long instrumental in firm's growth, outspending rivals on R&D. Ronald: 40. Married, 2 daughters. Ran foreign operations; political aspirations: Left 1983 to become deputy asst. defense sec'y (NATO); still co. director. Family zealously private. Share fortune over $700 million.

Daniel Crow Searle

William Louis Searle

Suzanne Searle Dixon

Brothers and sister. Inheritance. Great-grandfather Gideon Daniel Searle bought small Indiana drugstore 1868. Grew into one of first drugstore chains; began making

69 members of The Forbes Four Hundred are women.

drugs; founded G.D. Searle & Co. 1888. Extremely profitable under Grandson John G., pres. 1936-1966 (stressed original research; chopped product line from 1,000 to below 30; introduced first oral contraceptive, Dramamine, etc.). Worried about sons' capabilities; attempted mergers failed. Daniel: Winnetka, Ill. 58. Married; 2 sons, 1 daughter. CEO 1966-1977. Buying spree led to heavy debt; FDA investigation left image tarnished: "I never dreamed this could happen to us." Brought in former Defense Sec'y Donald Rumsfeld to clear up mess 1977; Daniel now chairman. Dramatic recovery: huge writeoffs, firm streamlined. Now pushing Nutrasweet, Equal diet sweeteners—over one-third of $950 million sales. William: Lake Forest, Ill. 56. Married, 3 children. Vice-chmn., director. Suzanne: Lake Forest. 53. Married, 3 children. Her husband Wesley M. Dixon also director. Siblings preside over 28% of firm (mostly in trusts), worth over $700 million.

Richard Alan Smith

General Cinema Corp. Chestnut Hill, Mass. 60. Married, 3 children. Father Philip began company 1922, took public as General Drive-in Corp. 1960; largest drive-in theater chain. Run by Dick since father's death (1961); built multiple-screen theaters during suburban shopping center boom. Now largest U.S. with 1,050 screens. Also largest independent Pepsi bottler (bought 1968); Sunkist orange soda, 1978; Buffalo (N.Y.) TV station. Firm bought 37% Carter Hawley Hale department store chain April 1984, warding off hostile bid by Leslie Wexner *(which see)*. Avid tennis player; private. His 25% GC worth $230 million.

The Forbes Four Hundred

Max Martin Fisher

Refining. Detroit; NYC; Palm Beach. 76. Married, 5 children. Father immigrant peddler, built small oil reclaiming plant. Max raised money, added refining 1932; became fully integrated firm, one of Midwest's largest independents (Aurora): by 1938, 3,000 barrels daily. Organized, bankrolled Israeli petrochemical industry 1950s. Sold Aurora 1959 for Marathon Oil stock; sold stock 1982 to U.S. Steel for over $150 million. Also real estate, stocks, bonds, minor stake Sotheby's; invests some with friends Al Taubman and Henry Ford *(which see)*. Behind-scenes power broker; gives 50% annual income to charity. "A master of inconspicuous consumption." Net worth, with family, over $225 million.

Helen Kinney Copley

Publishing. La Jolla, Calif. 61. Divorced, widowed; 1 son by first marriage. James S. Copley: adopted son of newspaper magnate Colonel Ira Copley (d. 1947). Helen: Hunter College dropout. Answered classified ad, became secretary, confidante to James; married 1965. Surprised all: took over Copley Press on husband's death 1973. Realized papers poorly managed, run as political forum. Sold properties, chopped bureaucracy, improved content. Now financially sound: 5 Illinois papers, 5 California, incl. flagship *San Diego Union/Tribune*. Son David, 32, being groomed for top spot. James' 2 children from prior marriage have minority stake; Helen controls nearly 90%, worth at least $225 million.

Hugh Rodney Sharp Jr.

Bayard Sharp

Brothers. Inheritance. Sons of Isabella du Pont Sharp, sister of Pierre *(see Pierre Samuel du Pont family, du Pont family)*. Hugh: Wilmington, Del. 74. Married, 3 children. Was active with family foundations, Du Pont company 1933-82. Thought to have continuing great influence in family. Bayard: Centreville, Del.; Boca Grande, Fla. 71. Married, no children. Director Christiana Securities to its dissolution 1976. Active breeder and racer of Thoroughbreds. Now runs exclusive Boca Grande resort. Brothers share family fortune worth at least $450 million.

Kenneth Harry Olsen

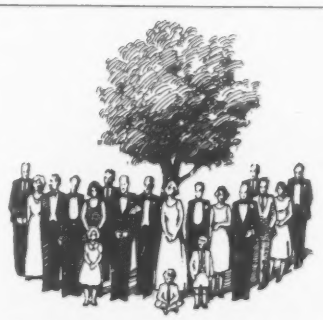
Digital Equipment Corp. Lincoln, Mass. 58. Married, 3 children. Circuit designer with no business experience at MIT's Lincoln Labs. With $70,000 set up shop 1957 in old textile mill. Credited with starting minicomputer industry. Organized DEC to stress flow of ideas from bottom up; sales $5.5 billion; headquarters still the old mill. Latecomer to personal computer market. Profits down early 1984 but coming back with systems technology. "You make the best products you can, and you grow as fast as you deserve to." His 4% DEC: $225 million.

Dorothy Green

Liliore Green Rains

Burton Green Bettingen

Sisters. Inheritance. Daughters of Burton E. Green (d. 1965), promoter, early Beverly Hills real estate developer. Bought oil-bearing land when nobody wanted it. Cofounded Belridge Oil 1911, president 1925-65. Bought by Shell Oil 1979 for $3.65 billion (then history's biggest takeover). Sisters' stake nearly $700 million *(see also Buck and Whittier families)*. Also own Beverly Hills real estate. All over 70; live in Beverly Hills (Burton also Newport Beach). Avoid publicity. Dorothy (Dolly): eldest. Divorced, no children. Celebrated Belridge sale following year with "mystery woman" appearance at horse auctions; paid $2.2 million for 5 yearlings, flew off in chartered jet. Invested heavily in Thoroughbreds with notable success: "Everything she touches seems to turn into some form of gold." Religious. Animal lover, attached to her pet dogs. Gave much for Versailles restoration. Liliore: widow. President Los Angeles Girl Scouts 1961-63; socially prominent, but lately withdrawn from functions. Burton (Burtie): recently widowed from William Bettingen; 2 children. Named for father who "tired of waiting for a son." Bought John Wayne's beach house for $5 million. Once ran Beverly Hills antique shop. Estimated net worth: $225 million each.



The family most represented among The Forbes Four Hundred is du Pont (20 members).

Roy Edward Disney

Walt Disney Productions, broadcasting. Los Angeles. 54. Married, 4 children. Father Roy O. (quiet business manager), uncle Walt (cartoonist) started Hollywood studio 1923, grew into Walt Disney Productions: cartoons, movies, theme parks, et al. Roy E. left management 1976 (5 years after father's death) following bitter fight for creative control with Walt's son-in-law Ron Miller (now CEO). Started Shamrock Broadcasting: TV, radio stations, real estate. Recently tried to take over Fabergé, but lost to Meshulam Riklis *(which see)*. Quit Disney board March 1984 but rejoined after recent takeover scare. With Shamrock, 5% Disney, net worth is estimated to be $220 million. *(See also Disney family.)*

Ben H. Carpenter

Southland Financial Corp. Dallas. 60. Married; 1 son, 2 daughters. Father John W. founded Southland Life Insurance 1908. Ben turned toward real estate 1950s, sold firm's insurance subsidiary for $352 million 1984. Developing Las Colinas, part of 12,000-acre former family ranch between Dallas, Fort Worth. Prairie floodplain now high-rise office buildings, "Venetian" canal taxis. Controls architecture, tenant mix, paint colors; no mirrored windows. "You've got to build it the way Ben wants it built." Most land owned by Southland, but Carpenter keeps 800 prime acres. With 30% Southland, real estate, worth at least $220 million.

The Forbes Four Hundred

Leonard Samuel Skaggs

American Stores. Salt Lake City. 61. Married, 4 children. Father L.S. Sr. founded Safeway chain with 5 brothers. Resigned after 23 years. Started Skaggs Companies, Inc. 1939. L.S. Jr. inherited firm 1950, at 26. Helped pioneer "one stop" grocery/drugstore shopping in partnership 1970-77 with Joe Albertson *(which see)*, whom L.S. Sr. financed. Combo profitable. Parted friends, but Wall Street wary: Stock dropped 25% soon after breakup. Undaunted, L.S. built Skaggs into third-largest drug chain. Merged with American Stores 1979. Bought rival Jewel Cos. 1984 ($1.2 billion deal); L.S. chairman and CEO. His 21% A-S stake recently worth $220 million.

Howard Vollum

Tektronix, Inc. Portland, Ore. 71. Married, 5 children. College physics major, saw need for mass-produced oscilloscope. Studied radar sets during WWII, then worked in radio and appliance shop. With partner M.J. Murdock (d. 1971), designed better, cheaper oscilloscope in back room. Started firm 1946, stayed better and cheaper. Grew into world's leading maker, went public 1963. Diversified 1970s: computer graphics, communications test equipment, visual design tools, etc. Sales now over $1.3 billion. Stepped down to vice chairman February 1984. Now pursuing personal projects (science, arts). His 18% Tektronix worth $220 million.

Steven Paul Jobs

Apple Computer. Los Gatos, Calif. 29. Single, 1 daughter. Adopted at birth; college dropout; worked briefly for Atari. Launched personal computer industry after seeing friend's home-built model. Started Apple Computer 1975 in garage; persuaded A. Markkula *(which see)* to help mass-produce; went public 1980. Apple III computer less perfect (1981); IBM gained lead. Next, "Lisa": innovative, expensive; sales weak. Now gambling on lower-priced, 32-bit "Macintosh." Still wears jeans to meetings: "I'm just a guy who probably should have been a semitalented poet on the Left Bank. I got sort of sidetracked here." His "sidetrack" includes 12% Apple, etc., worth over $210 million.

William Morse Davidson

Guardian Industries Corp. Detroit (Bloomfield Hills). 61. Divorced, recently remarried; 2 children, 1 stepchild. Lawyer, started career as savior of small, failing businesses. Took over bankrupt family windshield firm 1955 after bitter struggle with relative. Paid off creditors, turned it around. Saw chance 1967 as glassmaker, went public 1968. Today is 4th-largest glass producer; also photofinishing. Sales 1983: $470 million. Hobby: 62%-owned Detroit (basketball) Pistons; shoots own hoops at home indoor court. His 42% Guardian, plus other interests, worth over $210 million. Now wants to take firm private in $300 million-plus deal.

The richest elected official in the U.S. is John D. Rockefeller IV, Governor of West Virginia.

Sy Syms Merns

Syms Corp. Lyndhurst, N.J. 58. Married; 3 sons, 3 daughters. Brooklyn-born baby of 8 children. Small-time sports announcer after college. Joined family Wall Street haberdashery 1952. Opened own 1959. Now 12 "off-price" Syms retail stores on East Coast; soon Chicago. Offers famous-brand overstocks: "The public is not 12 years old." Also luxury clothier A. Sulka & Co., London, Paris. Politically neutral: "I need to sell to socialists and communists like everybody else." $180 million (sales) Syms Corp. went public 1983, netting Merns $31 million cash. With remaining 14.5 million shares (82%), his minimum net worth is $210 million.

Dominique de Menil

Inheritance, art. Houston. 75. Widowed, 5 children. Daughter of Conrad Schlumberger, who cofounded Schlumberger, Ltd., oilfield services (d. 1936). With husband John (son of French baron), fled Nazi-occupied Paris 1941 to firm's Houston headquarters. Since 1960 family has sold much stock. John ran Schlumberger 1967-70 (d. 1973). Dominique ran art department small Houston university 1964-69. Art lover: Started with postwar "bargain" paintings, now considered largest private collection surrealistic art. Building Houston museum. "When I arrived in Texas, there was not much you could call art." Wealth believed to exceed $200 million.

Armand Hammer

Entrepreneur. Los Angeles, NYC, Moscow. 86. Twice divorced, remarried; 1 son by first wife. Bronx-born son of Russian immigrants. Father a physician, active in Socialist Labor Party. Armand also trained as doctor, but ardent capitalist: "I made my first million as a student." Began trading U.S. grain for U.S.S.R. fur and gems 1920, made pencils for Lenin 1925. Bought "worthless" Soviet notes Stalin paid off at face value. He and friends bought nearly defunct Occidental Petroleum 1955 for 18 cents a share, built into giant, 1960s, on Libyan oil. Sales $19 billion 1983, 17th-largest U.S. company. Has $50 million-plus art collection. His Occidental stock worth only $30 million, but his net worth must exceed $200 million.

Alfred Dreyfus Goldman

Monte Henry Goldman

Inheritance, real estate. Father Sylvan, 85, shopping cart inventor, built Humpty Dumpty grocery chain 1930s. Merged 33 stores into

ACF-Wrigley 1955 (now Allied Supermarkets). Left 1959 to build real estate empire. Developed shopping centers, planned communities, hotels in Okla., Tex., Colo., Ariz., Puerto Rico; raw land Houston, Oklahoma City. Also former Kaiser estate Hawaii, stocks, oil and gas, banking. Liquid assets alone may top $200 million. Sons now control Goldman Cos.; both live in Okla. City and Honolulu. Alfred: 46. Single. Wharton business grad.; CEO. Bright, extroverted: "We don't have any money borrowed from anywhere in the whole damn world. That's why I can laugh a lot." Monte: 49. Married, 2 daughters. Less outgoing, co-chairman. Equal partners, secretive, keep Goldman name off most deals. Joint worth easily exceeds $400 million. "We make a nice living."

Ewing Marion Kauffman

Marion Laboratories. Kansas City, Mo. 68. Married, 3 children. Started as drug salesman 1948. Commissions soon exceeded president's salary. Used spare time to develop first calcium pill, from crushed oyster shells; packaged at night in basement. Launched Marion on his invention 1950. Now markets 86 products, mostly other firms' discoveries ($180 million sales). Sponsored classes 1980-82 to teach CPR to locals. Now starting citywide program "to teach kids to leave alcohol and drugs alone." Owns 51% Kansas City (baseball) Royals (sold 49% for $11 million 1983); minor oil holdings. With 24% Marion, worth at least $200 million.

The youngest member of The Forbes Four Hundred whose fortune is completely self-made is Steven Jobs, 29.

Max Palevsky

Computers. Beverly Hills. 60. Thrice divorced, 4 children. Born Chicago, son of poor immigrant house painter. Taught philosophy briefly at UCLA, left 1952 to design computers for Bendix Corp. at $100/week. Started computer maker Scientific Data Systems 1961 with associates, backing from venture capitalists; sold to Xerox 1969, pocketed $100 million. Made some films *(Fun With Dick and Jane)*. Backed progressive causes, magazines, candidates (author Gore Vidal Senate bid 1982). Raised money for Diasonics, Daisy Systems, other startups; has big stakes. Technology market down, but wide holdings (Silicon Valley, etc.) still said to be over $200 million.

Joseph A. Albertson

Albertson's Inc. Boise, Idaho. 78. Married, 1 daughter. Quit as Safeway store manager in dust bowl Kansas to open Boise grocery 1939 with $5,000 life savings, $7,500 loan. Fought competition with in-store bakery, etc. Co-pioneered drug-grocery store combination with L.S. Skaggs *(which see)*. Now in 18 states, 7th-largest U.S. supermarket chain (1983 revenues $4.3 billion): "Work like hell and give the customers what they want." One experiment: blew fresh-baked smell through store to stimulate buyers. His 22% stake, etc., worth minimum $200 million.

Robert Rich Jr.

Food products. Buffalo, N.Y. 71. Married, 3 children. Family was biggest ice cream maker Buffalo. Rich found own niche with frozen nondairy substitute, when new soybean-based whipping cream froze on train ride 1945; it still whipped. Hit pay dirt 1960 with Coffee Rich creamer, still market leader: Consumers may not love it, but food service operators, who buy 75% of his products, do. Also frozen dough, desserts, etc.; over $500 million sales. Bob Jr. now pres. private Rich Products Corp. Trying to market new Freeze Flo technology: Keeps food soft at freezing temps. Sr. has preferred stock; frequents Palm Beach. Grandson played Redford's son in *The Natural*. Minimum net worth is 200 million.

Charles B. Benenson

Real estate. NYC. 71. Divorced, 3 children. Father built Bronx apartments from 1900, switched to investing 1920s. Charles, Yale grad, joined Benenson Realty 1933. Obscure by choice. Quips: "How much would it cost to get me off your list?" Shrewd private investor with several NYC builders, including bridge partner Larry Tisch *(which see)*. Also Harry Helmsley *(which see)*, recent partner in new Manhattan film studio. Substantial waterfront acreage Amagansett, N.Y. (old Bell estate); large stock portfolio. Active NYC philanthropy, respected collection African art. Net worth over $200 million, denied by him.

Robert Olnick

Real estate. Palm Beach and NYC. 69. Married, 2 daughters. Father owned one of first self-service cafeterias, lost in Depression. Died when Robert was 16. Put self through law school 1930s, bought Manhattan building after WWII while on Navy leave. Built early government housing 1949, gained controlling interest 1959 in giant Starrett Housing in Brooklyn, quit as CEO 1976. Still owns thousands of apartments, co-oping many. "Office building owners live better, but apartment owners sleep better." Recent East Side high-rise rental: 1 bedroom, $2,825 per month. Daughters, son-in-law Richard Lane in business. Net worth may exceed $200 million.

Stanley Stahl

Real estate. NYC. 60. Divorced, remarried; 1 son, 2 stepchildren. Began as broker 1947, bought first Manhattan apt. building within 1 year with saved-up commissions; added more. Staked almost everything 1962 to build 1.5 million sq. ft. at 277 Park Ave.; now Chemical Bank building. Owns 3,000 Manhattan apts., not interested in co-

oping: "I guess I'm lazy." Won 1977 court ruling denying apt. lease to "intelligent persons" who know law and might cause trouble. Half interest in Broadway theater (Lunt-Fontanne). Minimum net worth may exceed $200 million.

Joseph Morton Davidowitz (a.k.a. Morton Davis)

Stock market. Lawrence, N.Y. 55. Married, 4 daughters. Legal name Davidowitz, uses Davis on Wall Street. Son of kosher food distributor, sold vacuum cleaners door-to-door. Attended Brooklyn College night school 7 years. Graduated Harvard Business School with honors. Recruited by D.H. Blair brokerage house 1961, became one of a dozen partners. Gradually bought others out; sole owner 1973. Earned $20 million 1983. Likes new public issues, especially high-tech. Often buys personal stake. "I back the jockeys, the young guys with exciting ideas." D.H. Blair plus Davis' personal investments worth at least $200 million. "I don't like to count it up."

Robert Alfred Lurie

Real estate, inheritance. San Francisco. 55. Divorced, remarried; 4 children, 2 adopted stepchildren. Father Louis, Chicago newsboy, arrived S.F. 1914; became colorful tycoon. He bought, sold real estate; put up 300 buildings. Backed movies (Tarzan series), talent (Mae West), Broadway shows *(West Side Story, Hello Dolly!).* Overshadowed only son, Robert, until death 1972. Bob now passive manager vast real estate (Chicago, S.F.); actively runs S.F. (baseball) Giants, bought in 1976. "He treats everyone he meets as a potential Giants fan." Lurie: "We're not doing so well, so you've got to hustle, right?" Net worth exceeds $200 million.

Robert Staples Howard

Publishing. Rancho Santa Fe, Calif. 59. Married, 4 children. Started on hometown (Minn.) weekly: "I swept the floors, melted lead, sold ads, wrote stories . . . you name it." Took over after WWII service, later bought South Dakota daily. Howard Publications now has 19 small-ish dailies (over $100 million revenues), Buffalo (N.Y.) TV station. Bullish on cable: Started joint venture Los Angeles area with Donald Reynolds *(which see).* Lately investing in oil and gas, but won't discuss figures. Private lifestyle: "Work is my hobby." Net worth exceeds $200 million (much in trust).

Thomas Mellon Evans

Investments. NYC. 74. Divorced, widowed, remarried; 3 children by first. Had $15,000 inheritance and a mentor—W.L. Mellon (distantly related). Got control of bankrupt H.K. Porter 1938. Turned around, diversified. Ditto with Crane Co. from 1959. Brilliant takeover artist (some 80 firms at below book). Fierce boss: "the *Jaws* of business." Now slowing down: Left Porter helm 1983; ditto Crane after 1984 boardroom fight (T.M. backed buyout, opposed by son Robert). Latter now CEO; T.M. sold out. Has major holdings Porter, Fansteel, other stocks, brokerage co., horses, farms, art. Net worth believed to exceed $200 million.

Peter Sharp

Real estate. NYC. 54. Widowed, 3 children. Father, major hotelier NYC 1920s (Delmonico, Ritz, etc.); died 1941. Mother Evelyn took over, expanded (incl. Beverly Wilshire). Sold everything 1960s. Peter, after Princeton, started on own in real estate 1957. Owns prime commercial, residential property Manhattan. Crown jewel, though he claims little profit, is Carlyle Hotel—"Peter's place." No wall-to-wall carpet to avoid in-house cleaning: "I detest the hotel smell." In 1980 helped launch Avatar Holdings (substantial Florida real estate) from bankrupt GAC Corp., now CEO. With various stock holdings, estimated net worth $200 million.

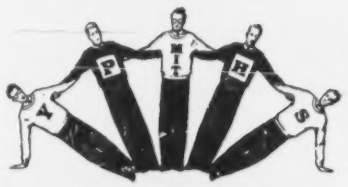
Chapman Shaw Root

Coca-Cola bottler. Ormond Beach, Fla. 59. Married, 5 children. Grandfather's Root Glass Co. in 1916 introduced "the most perfectly designed package in the entire world": the Coke bottle. Bought up bottling plants, soon dumped glass business (d. 1945). Chapman took over 1950 (father killed 1932 in plane crash). Developed outside interests; quit Indianapolis racing-car scene after collisions killed 2 of his drivers. Coca-Cola bought his 57.5% of Associated Coca-Cola Bottling Co. 1982 for resale to owners "who will aggressively support and promote Coke products." Now invests through Root Co.; lives across from golf course. Net worth $200 million or more.

Richard Jerome O'Neill

Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard, immigrant Irish cattle-buyer, bought (1882) and managed vast So. Calif. ranch for Comstock Lode millionaire for half-interest. Grandchildren inherited O'Neill Ranch 1943; 11,000 acres sold during 1970s, kept 43,000. Leased for cattle, citrus, crops, mining, rocket engine tests. Development all around, planning to develop another 5,000 acres. Richard: San Juan Capistrano, Calif. 61. Married, no children. A local political power; owns chain of 29 "Tiny Naylor" coffee shops. Alice: West L.A. 67. Divorced, widowed; 3 sons. Share ranch, other assets worth minimum $400 million. Richard: "I thought it was exaggerated last year. Maybe this year it's closer to being true."



The colleges and universities that have graduated the largest number of persons among The Forbes Four Hundred are:

Yale	29	NYU	7
Princeton	11	Texas A&M	7
MIT	10	SMU	6
Harvard	9	Univ. of Pa.	6
Stanford	9	Univ. of Tex.	6

Gordon Barton McLendon

Entrepreneur. Lake Dallas, Tex. 63. Twice divorced, 4 children. Father Barton (lawyer) got Okla. theater in

lieu of legal fee in Depression; saved by *King Kong*; built small chain. Son Gordon (partner): "The Old Scotchman," radio persona 1940s, 1950s. Built Liberty Broadcasting: 458-station sports network. Pioneered Top 40, all-news formats. Sold his 14 stations 1970s for $100 million-plus. With father (d. 1982) began buying Texas land 1960s, building drive-ins. Now 70 screens; said to own 1,000 prime metro acres (also 9,000 other) debt-free. Made films, bought precious, strategic metals. Net worth could exceed $200 million. "Pity the guy who uses money as an end. Because none of us are going to get out of this thing [life] alive."

Thomas S. Monaghan

Pizza. Ann Arbor, Mich. 47. Married, 4 daughters. Fatherless at 4; self-sufficient by 14. Raised in foster homes and orphanages. Thrown out of seminary for mischief, nearly flunked high school, read self-help books in Marines. With brother, borrowed $900 for small pizzeria 1960. Got full control 1961, became delivery-only Domino's Pizza. Almost bankrupt 1970. Now second-biggest chain (after Pizza Hut): over 1,450 outlets (65% franchised), 49 states. Bought Detroit (baseball) Tigers 1983 from John Fetzer *(which see)* for record $53 million. Jogger, devout, super-straight (gave up diet soda), vast self-help library. His 95% Domino's worth at least $200 million.

The ten metropolitan areas with highest concentrations of The Forbes Four Hundred:

New York City area 88
Dallas/Fort Worth 30
Los Angeles 28
Chicago 16
Houston 10
San Francisco 9
Boston 8
Minneapolis 8
Detroit 6
Midland, Tex. 6

Arthur Ivar Appleton

Electronics. Chicago, Miami Beach. 68. Married; 5 sons, 1 daughter. Appleton Electric founded 1903 by father Albert (d. 1951), made electrical construction products. Arthur started working in company plant after college 1936; president 1947. Married Hollywood starlet Martha O'Driscoll. Sold company 1982 to Emerson Electric for 4.3 million shares, now worth $290 million. Retired, breeds racehorses in Florida. Not counting family members' Emerson holdings, his stock, other various interests worth $200 million or more.

Robert Einar Petersen

Publishing. Beverly Hills. 58. Married. Short-order cook, then gas station jockey, then movie studio publicist. Discovered southern Calif. car-racing craze; started *Hot Rod* magazine with $400 in garage 1947. Hawked at drag strips. Bought out partner 1950. *Hot Rod* now car buff's bible. Petersen Publishing now 16 monthlies *(Teen, Motor Trend, Guns & Ammo)*. Married Miss Rheingold of 1957, bought mansion. Also real estate (office buildings, 3,000-acre ranch), art gallery, books, movies. First man to bag polar bear with revolver (Alaska, 1965). Commissioner of shooting sports for recent Olympics. Minimum net worth: $200 million.

Mortimer Benjamin Zuckerman

Real estate, publishing. NYC, Boston, Washington, D.C. 47. Single. Raised Montreal; naturalized 1977. Grandfather was Orthodox rabbi; father: tobacco and candy wholesaler, wanted scholar son. Wharton M.B.A., Harvard Law. Made first $5 million at Cabot, Cabot & Forbes by 29. Now Boston Properties: built/manages 7 million sq. ft. office space (adding nearly 4 million more), suburban Calif., Boston, Washington, D.C., lately NYC; his equity 75%. Bought ailing *Atlantic Monthly* 1980. Circulation growing, expects profit 1986. Bought *U.S. News & World Report* (plus property) 1984 for $163 million. "I just want to get married, settle down and have 5 kids. But you can't force these things." (Recently seen with Gloria Steinem.) Minimum net worth: $200 million.

Dolph Briscoe Jr.

Rancher. Uvalde, Tex. 61. Married, 3 children. Governor Texas 1973-79, not renominated. State legislator 1949-57. Son of prominent rancher, now one of biggest landholders in state. Owns 500,000-plus acres southwest Texas, including 177,000-acre Catarina Ranch; some oil under it, considered showcase for soil and water conservation. Owns local bank in Uvalde. Net worth: $200 million.

Robert Charles Joseph Edward Sabatini Guccione

Publishing. NYC. 52. Twice divorced, 5 children. Accountant's son; grew up in N.J. In Rome at 18 to paint, then freelance cartooning, then writing, acting. *Penthouse* launched London 1965, no backing. More nudity than *Playboy* meant more profit. Lately ad revenues declining, raised magazine price. Says pretax earnings still over $25 million (alltime bestseller: '84 Miss America pictorial). He and Hef not speaking. Guccione: "I don't have any problem with him. He has a problem with me." Politically conservative; invests in nuclear fusion. Lives in $20 million (cost) Manhattan mansion with vice chairwoman Kathy Keeton. With *Omni*, etc., net worth: $200 million.

Stephen Muss

Real estate. Miami Beach. 56. Married, 5 children. Inherited (with mother and 2 sisters) father's real estate empire in northern N.J., southern Fla. Seeking to put glamour back into Miami Beach: 75% Fontainebleau Hilton (investing more); Seacoast Towers (3 high-rise beachfront rentals). Last year opened The Alexander Hotel, first new Miami Beach hotel in 15 years. Codeveloped Towers of Quayside, Miami condos. Also Seacoast Towers in Brighton Beach (Brook-

lyn). Miami Beach political power broker. Net worth estimated at $200 million.

Jack Monteith Berry Sr.

Citrus grower. Winter Haven, Fla. 67. Married, 1 son, 2 daughters. Left native Tenn. for NYC, became successful fruit broker. In 1950s supermarkets bypassed brokers; Berry decided real money was in growing. Gambled on south Fla. (soil supposedly too wet for oranges). In 1960s planted 6,000 acres. Now one of largest independent growers *(see also Emmett Evans)* with 15,500 productive acres, concentrate plant, plus 16,000 acres ranchland (maybe half will become citrus). With 4 freezes in 7 years, lately groveshopping deeper south. Bought small Indiana plastics plant 1983. Debts minimal: "nothing we couldn't handle overnight." Net worth: at least $200 million.

Francesco Galesi

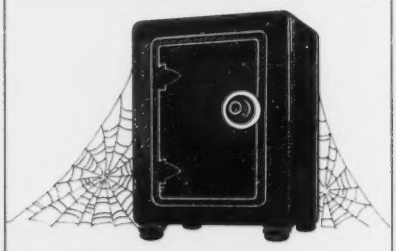
Real estate. NYC. 52. Divorced, remarried; 2 daughters, 1 son. Middle of 5 sons of Italian immigrants; father a real estate broker. Early success 1960 turned Binghamton, N.Y. city dump into shopping center, $4 million profit. Now owns some 13 million sq. ft. commercial space in Northeast, Midwest (office, shopping centers, other); 620 acres Southampton, N.Y. beachfront; several manufacturing companies. Founder United Satellite Communications: direct broadcasts to homes; one of few remaining players in troubled industry. Also Argo Communications, long-distance business phone co.; partners include French government. Minimum net worth: $200 million.

Harold Clark Simmons

Entrepreneur. Dallas. 53. Divorced twice, remarried; 2 daughters by first marriage, 2 by second. Quit as bank examiner 1960 to buy neighborhood drugstore. Built to 100-plus chain across Texas; sold to Jack Eckerd Corp. for stock 1973. Began selling shares, investing proceeds. Now, with wholly owned holding company Contran Corp., major corporate raider: National City Lines, Amalgamated Sugar Co., 18% GAF, etc. Seeks billion-dollar-deal capability, thereby fewer competitors. "Harold is a strategist who would make Napoleon look like a slouch." Also 50,000 acres southern La., minor oil and gas interests. Net worth estimated at $200 million.

Robert Ruliph Carpenter Jr.
William Kemble Carpenter
Irene Carpenter Draper

Brothers and sister. Inheritance. Children of Margaretta L. du Pont, sister of Pierre S. *(see Pierre Samuel du Pont family, du Pont family).* Robert (Bobby): Montchanin, Del. 69. Married, 3 children. Director Christiana Securities until dissolution 1976; owned Philadelphia (baseball) Phillies, sold 1981 by son Robert Ruliph III for $30 million. William: Boca Raton, Fla. 65. Twice divorced, 1 daughter, 1 adopted stepson. Noted as deep-sea fisherman in his day. Irene (Mrs. James A. Draper III): Montchanin, Del. 73. 3 marriages, 2 divorces; 5 daughters by first marriage. Known for longtime hobby of cutting hair of friends and relatives in barber chair set in bay window of game room. Some trusts ended, have separate interests, but total fortune of the three estimated at $600 million.



The oldest fortune among The Forbes Four Hundred is the du Ponts', founded 1802 by Pierre Samuel du Pont de Nemours and son, Eleuthère Irénée du Pont.

Jake Louis Hamon Jr.

Oil, gas. Dallas. 82. Married, 1 son, 1 daughter. Father was oilman, political: sat in original "smoke-filled room" at nomination of Warren G. Harding, helped write Oklahoma state constitution. Jr. inherited political connections. Began working in oil fields age 17. Bought and sold oil leases at 18. Drilled wells almost 6 decades: "I remember every one: details, dates, the way you remember your kids' birthdays." Has vast oil interests, production; keeps at it. "Goddamn, you want to find an east Texas field. All I've ever found are small fields." Minimum net worth: $200 million.

Clarence Scharbauer Jr.

Inheritance. Midland, Tex. 59. Married, 4 children. Father settled in Midland 1889, became leading citizen: built the hotel, ran the bank, etc. As rancher, needed many acres to support each cow in dry west Texas climate. Acquired thousands of acres, some on Permian Basin, one of richest oil provinces in U.S. Clarence Jr. probably most powerful man in Midland. Enjoys horse racing. Was largest shareholder, director of First National Bank of Midland, which failed 1983 because of bad energy loans. Net worth should still be at least $200 million.

Norton Winfred Simon

Industrialist, art collector. Los Angeles. 77. Divorced, remarried (to actress Jennifer Jones); 2 sons by first wife (1 deceased). College dropout, played stock market, got out with $35,000 before Crash. Bought defunct orange juice plant 1931 for $7,000; Hunt Bros. 1943, parlayed into Hunt Foods; that into $1 billion-plus Norton Simon, Inc. Felt trapped by it all. Left 1969 with over $100 million to pursue art, idealism. Supported student dissidents 1960s, lost GOP primary (Senate) 1970. Still amassing huge art collection. "Business or art or politics is just a means of living, and living is the real end." Minimum net worth, much from art, estimated at $200 million.

Kenneth W. Ford

Timber. Roseburg, Ore. 76. Divorced, remarried; 2 children. Quit college to help father's ailing sawmill. With used equipment, set up own shop as Roseburg Lumber 1936. Shrewd: Got 160,000 unwanted timber acres Douglas County, Ore. at $2 each. Grew during postwar housing boom; now a

leading plywood producer; constant reinvestment. Frugal: Got rich cutting mostly on federal land, building up private stock. Paid $253 million (most debt) for 323,000 acres N. Calif. 1979, also led wild bidding late 1970s for gov't cutting rights. Values since crashed; Ford faces "potential" $264 million loss if gov't contracts carried out. Expected to squirm through, then merge or go public. He controls 75% of firm; believed to be worth $200 million. Claims much less.

Marc Rich

Trader. Zug, Switzerland. 50. Married, 3 daughters. Belgium-born son of burlap bag maker; family fled to U.S. WWII. Quit NYU for Philipp Brothers (now Phibro-Salomon); helped build into world's largest commodities trader (oil, metals). Felt he deserved million-dollar bonus 1973; denied; quit angry. Started Marc Rich & Co., partners mainly hired away from Phibro; may have built world's second-biggest trader (over $10 billion revenues) until recent probe for evading over $48 million taxes. Fled to Zug; 65-count indictment 1983; $50,000 daily fines for withholding papers. Renounced U.S. citizenship for Spain, but feds don't accept. Trading shrunk, but wealth still could be $200 million.

Claude B. Pennington

Oil, gas. Baton Rouge, La. 83. Married; 1 son (deceased), 3 grandchildren. Born year before first La. oil field discovered near his house; roughnecked there before college; joined father's eye & ear clinic as optometrist. Day after father died, quit, went into gas and oil, age 30. No big find until Lobdell field 1952. Now Pennington Oil Co., drilling in La., Ark., Ala., Fla., Ga., Miss.; "everywhere but Oklahoma and Texas!" Some 75 new wells a year, many joint ventures; claims huge reserves. "Doc" said to have over $50 million in area banks; bankers don't ask for financial statement. Building $100 million nutrition center for Louisiana State Univ. Evidence suggests net worth could far exceed $200 million. "I'm working seven days a week, including Christmas."

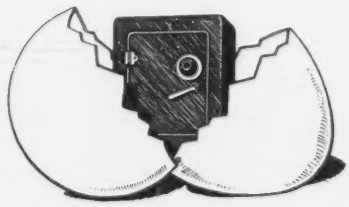
Under $200 Million

Anne Windfohr Sowell

Inheritance. Ft. Worth, Tex. 45. Twice divorced, remarried; 1 daughter by first marriage, 1 stepdaughter. Daughter of Anne Burnett Tandy (d. 1980), who amassed fortune, mostly through marriage, in ranching, oil, banking; married 4th husband Charles Tandy of Tandy Corp. 1969 ("They should have gotten Justice Department approval for that wedding"). Tandy died 1978, left fortune to her; she bequeathed that fortune to charity, rest to daughter: 208,000-acre 6666 Ranch, Triangle Ranches; oil under both. Also director, stockholder InterFirst Corp. Her net worth exceeds $190 million.

Stanley Stub Hubbard

Broadcasting. St. Mary's Point, Minn. 51. Married, 5 children. Father Stanley Eugene, 87, started St. Paul radio 1923, one of first in U.S.; added TV 1948. Now Hubbard Broadcasting: 5 radio stations, 4 TV, run by son Stanley S. (in shadow until father suffered serious stroke 1981). Plans ambitious direct satellite system 1987; also new network made up of many independents. Firm nonunion; enjoys steady profits, low debts. Flagship St. Paul TV could fetch $125 million. Stan: "We're living in a time of great transition. And anyone who pays that much is a foolish person." Still, with stations, TV production co., hotel, family fortune should exceed $190 million.



The newest fortune among The Forbes Four Hundred is owned by Steven Jobs, who founded Apple Computer Inc. in 1977.

James Emmett Evans

Citrus grower. Dade City, Fla. and Highlands, N.C. 84. Married, 1 son, 1 daughter. Former Ford dealer who packed suitcase into Model T, headed south from Georgia with $500. Bought first orange grove 1920. Now one of largest independent growers *(see also Jack Berry)*: over 13,000 productive acres oranges, 4,000 grapefruit, in 7 Florida counties. Expanding: 8,000 acres young groves. Loves making deals; keeps low profile, old gin-rummy buddies. Nepotism works: "If they're kin, we'll give them a job." Drinks little orange juice: "I'd rather sell it." Net worth should exceed $185 million.

Edmund Newton Ansin

Broadcasting. North Miami. 48. Recently divorced; 2 sons, 1 daughter. Grandfather made shoes in Massachusetts; father Sidney (d. 1971) joined business; started buying Florida property 1940s. With Edmund, bought control Miami TV (NBC) 1962 for $3.4 million. Station grossed $30-plus million 1983; little apparent debt; worth roughly $175 million. Ansin civic-minded, low-key, publicity-shy: "You'd do me a favor if you lost my name somewhere." Minor interests Calif. radio; also well-hidden Florida real estate. His 100% of Sunbeam TV Corp. worth minimum $185 million; one-third in trust.

George Kozmetsky

Teledyne. Austin, Tex. 66. Married, 2 children. Taught business, technology Harvard, Carnegie-Mellon 1947-52 before joining Hughes Aircraft; managed Litton labs from 1954. Teamed with fellow Litton alum Henry Singleton *(which see)*, each put up $250,000 to launch Teledyne 1960 with backing from Arthur Rock. Left 1966 to become business dean Univ. Texas; now runs campus Institute for Constructive Capitalism. Advises univ. system on finances; tells other high-tech investors: "Don't get im-

patient. These are grandchildren investments." With 5.7% Teledyne, smaller stuff, minimum net worth is $185 million.

Charles Allen Jr.
Herbert Allen
Herbert Anthony Allen

Stock market, real estate. NYC. Charlie: 81. Divorced, remarried; 3 children by first marriage. Brother Herb: 76. Widowed, remarried; 1 son, 1 daughter. Herb Jr.: 44. Divorced, 4 children. Charlie may be among the canniest investors of all time *(see also Warren Buffett)*. Raised in Manhattan cold-water flat; high-school dropout; Wall Street runner at 15; set up as bond trader at 19 with $1,000, desk, 2 phones. Brought in Herb 1928. Made first million by 1929, lost it in Crash. Herb (now semiretired) helped rescue firm with shrewd Depression trading. Since 1930s, phenomenal track record buying into cheap, unlikely firms. Staffers pay own expenses, must take piece of venture before Allens buy. Charlie's masterstroke: bought $1 million Syntex 1958; value up over 100-fold. "Charlie has no interest in money except making it." Herbert: Biggest coup in Benguet Mining (bought for $3 million, sold for over $45 m); recently sold 12% Irvine Ranch for over $120 million. Herb Anthony joined 1962; bought about 6% Columbia Pictures at $4 in 1973, sold to Coca-Cola, 1982, for $72. Last year: Made some $30 million losing bid for Northwest Energy. Family secretive; holdings in over 200 companies, plus much well-hidden real estate. Share fortune worth well over $550 million.

Frederick Wallace Smith

Federal Express Corp. Memphis. 40. Divorced, remarried; 8 children. Vietnam Marine, got 5 medals, "sick of destruction." Father, called "Bus King of the South," left Smith $3.2 million, family $8 million. Invested in idea he developed for Yale economics course: all-freight, overnight-delivery airline. Sisters sued for misinvesting family funds. Nevertheless, started Federal Express 1973, raised $90 million venture capital. Now over $1 billion revenues, serves over 200 cities; eyeing Europe, same-day market. Republican; named Sen. Baker's (R–Tenn.) national finance chmn. 1979. His 10% worth $180 million.

Floyd Roger Hardesty

Construction. Tulsa. 46. Married, 2 children. Rural carpenter's son who left school to marry at 15. Drove milk truck in Oklahoma City, "but a drunk ran into me and I lost my job." Moved to Tulsa, poured concrete; borrowed $75,000 to build houses 1958. Switched to apartments, shopping centers 1960s. Formula: no monuments: "We build for the masses." Claims he can put up 500-unit community in just 6 months. "Roger's not the country club type. He's still a farm boy with stamina beyond that of normal men." 6 ft. 4, 240 lb.; flies own Boeing 727; recently shot 10-ft. polar bear on solo safari in Arctic regions. Minimum net worth: over $180 million.

Athalie Irvine Smith

Inheritance, lawsuits. Middleburg, Va. and Emerald Bay, Calif. 51. Thrice divorced, 3 sons. "Joan" lost father at 2; raised close to grandfather James Irvine Jr., who inherited and built up Irvine Ranch: 68,000 prime acres Orange County, Calif. At 24 she inherited 22% stake; 54% to foundation run by his cronies. Fought cronies ever since (over 18 lawsuits). Joined Taubman-Allen group *(see both)* for 1977 bidding, legal wars. Won; she got about $76 million cash. Donald Bren *(see also)* bought control 1983; offered her $110 million (for 11% stake); she's looking for more. Dislikes publicity, gets plenty. Net worth over $180 million (mother has lifetime interest).

Sol Price

Price Co. La Jolla, Calif. 68. Married, 2 sons. Practiced law 17 years; quit 1955 to launch Fed-Mart Corp., mass merchandiser/supermarket, pioneering house brands and "one-stop shopping" concepts. Sold out 1975; fired by new W. German management. Started Price Co. with son Robert, now CEO. Last laugh: Price Co. prospered, Fed-Mart fizzled. Went public 1980; now 15 "clubs": plain cash-and-carry, members-only wholesale outlets in Calif. and Ariz.; moving east. Sales near $650 million; mostly word-of-mouth advertising. "Merchandising is not a science, it's an art." Astute; private; low-key Dem. power. His 16% stake, other assets, worth minimum $180 million.

Seymour Milstein
Paul Milstein

Brothers. Real estate. NYC and Scarsdale, N.Y. Joined father's Circle Floor Co. early 1940s, expanded, sold 1967 for $15 million. Built 1,964 luxury apts. near Lincoln Center; now largest co-op to date. Paid $30 million for Biltmore (converted to office), Roosevelt hotel buildings 1978; estimated $80 million profit. Also much other NYC property. Bought into United Brands 1975; sold almost all of 1.5 million shares 1984 for near $40 million to Carl Lindner *(which see)*; still directors. Seymour: 64. Married, 2 children. Paul: 61. Married, 2 children. Call real estate their "hobby." Current projects include 3 office buildings, luxury apts., Times Square merchandise mart. Reputation for toughness. Paul: "My competitors, my adversaries and my friends cannot really say I'm tough. They don't understand the word tough." Net worth, nearly all from hobby, over $350 million, shared about equally.

William Arthur Fickling Jr.

Charter Medical Corp. Macon, Ga. 52. Married (to Miss America 1953), 4 children. Former Air Force guided-missile officer, then "worked for my daddy" in family real estate business before founding Charter Medical 1969. Firm owns 42 hospitals in 18 states, London. Since 1975, emphasizing psychiatric (29 built, 11 under development), not general hospitals: "We became a lean company with a central directive to do one thing and do it well." Chairman Federal Reserve Bank of Atlanta, 1980-83. With family, owns 6 million Charter shares. Net worth over $175 million.

Sheldon H. Solow

Real estate. NYC. Late 40s. Married, 1 child. Went way out on limb to build landmark Manhattan sky-

scraper (9 W. 57th St.) near Plaza Hotel. Fully rented just before 1970s real estate bust; enjoys vast profits. Also smaller properties; builds only in NYC. Observer: "A contentious, litigious man." Now selling uniform "row" of East Side town houses, throwback to 19th-century construction style; price "several million dollars" each. Big collector modern art. Avoids press. Minimum net worth: $175 million.

Ray Stark

Film producer, securities. Holmby Hills, Calif. 67. Married, 2 children (1 deceased). Started as literary agent (Raymond Chandler, Ben Hecht), switched to movie stars (Kirk Douglas, William Holden). Cofounded independent film co. 1957, became Seven Arts. Later Rastar Productions, Rastar Films; sold both to Columbia Pictures by 1980. Now has Ray Stark Productions. Over years, his film rentals have topped $600 million *(Funny Girl, The Goodbye Girl, Annie).* Got $21 million Coca-Cola stock on sale of Columbia shares; still holds; invests through Allen brothers *(which see).* Also big Calif. horse breeder; avid skier. Talks of retiring, but now making 7 films. "He's a bundle of energy." Net worth: at least $175 million.

The average fortune among The Forbes Four Hundred is at least $315 million.

John Earl Fetzer

Broadcasting. Kalamazoo, Mich. 83. Married, childless. Age 2 when father died; spent 30 years tracing roots. Built first ham station at Purdue Univ. With equipment and $126, set up shop in Kalamazoo 1931; traded airtime for food during Depression: "Everybody in town was broke." Today: 4 TV stations, 4 radio, cable, Muzak franchise, new area sports network. Owned 100% Detroit (baseball) Tigers 1962-83; sold stadium to city 1977 for $1. Sold team to Thomas Monaghan *(which see)* for record $53 million. Believes in reincarnation; studies all religions. "The human potential is almost unlimited, as long as you don't care who gets the credits." Still tireless, but grooming nephew Bruce, 26. Net worth: at least $175 million.

August Christopher Meyer

Broadcasting. Champaign, Ill. 83. Married, 1 son. Was prominent town lawyer; helped launch Champaign TV station 1953; got control in order to rescue investment, slowly acquired 100%. Bought San Diego TV in 1964 for some $11 million, now worth over $125 million. Other TV, radio stations, but no buys in 20 years: "I didn't realize it'd been that long." Local legend; chairman family-controlled Bank of Illinois since 1962. Also San Diego land; bonds; etc. Bank now investing in cellular radio: "I'm as excited about this as I was about TV." Son August Jr. (Chris) running stations from 1976. Net worth estimated at over $175 million.

Ernest Walter Hahn

Shopping centers. Rancho Santa Fe, Calif. 65. Married (childhood sweetheart); 2 daughters, 1 son. After high school worked as messenger for Bank of America; began as small general contractor 1946. Early builder shopping centers southern Calif. 1950s; has built over 34 million sq. ft. nationally (over 40 centers). Went public 1972; sold out to Canada's Trizec Corp. 1980; his share $90 million. Semiretired; flies own jet; spends most time on charities, some developments (e.g., huge Palm Desert, Calif. center). Much liquidity; marginal debt. Minimum net worth: $175 million.

Ben Hill Griffin Jr.

Citrus grower. Avon Park, Fla. 73. Divorced, remarried; 5 children, 1 stepchild. At age 8, drove mule team through father's small orange groves. "I didn't know there was any other business but citrus." Wedding gift 1933: 10-acre grove. Added land where he could, now owns roughly 10,000 acres. Also much cattle, ranch land; chairman, 52%-owner Alico Inc. Spent 5 terms in state legislature, lost bid for governor 1974; wife was running mate. Sold citrus packing plants to Procter & Gamble 1981. Visible assets, exclusive of debt, worth at least $175 million. "We're just running a little business out in the country."

Leonard Litwin

Real estate. NYC. Late 60s. Married, no children. Started in landscaping business with father on Long Island (nurseries now valuable real estate). Pioneered high-rise apartments on Manhattan's York Avenue. Now owns some 3,800 choice Manhattan apartments. Wants to build new rentals; blames condo, co-op developers for pushing up land prices. Refuses to co-op: "Everybody who has a job in New York can't spend $500,000 on a co-op. It's almost like there's a whole new breed of builder here." Colleague: "He operates like an old-fashioned real estate man." Properties eminently co-opable. Minimum net worth: $175 million.

James Landon Knight

Knight-Ridder Newspapers, Inc. Miami. 75. Married, 4 daughters. Self-styled "nuts and bolts man" with business sense in notable publishing partnership with brother John (d. 1981). At 12 set type in print shop after school. At 24 inherited father's three small papers, managed business while John edited. Added *Miami Herald* in 1937; merged with Ridder family 1974; now 3.8 million combined circ.: 30 dailies, incl. *Philadelphia Inquirer* and *Daily News, Detroit Free Press.* New commercial videotex service south Florida. Bulk of John's holdings in Knight Foundation; James owns 9%, other assets. Minimum net worth: $175 million.

The Forbes Four Hundred

John Cornelius Dempsey

Bulk containers. Delaware, Ohio. 70. Divorced, 6 children. Young accountant 1946; family owned minor block Greif Brothers Corp., cooperage founded 1877. Hunted down, bought out shareholders at $35 average, took over as CEO 1947. Stock since split 160 for 1; equivalent value now over $3,200 per share. Containers about 90% of firm's $280 million sales 1983. Lives modestly on company-owned farm. Devout: painting of Christ in meeting room, on annual report covers. Low turnover, many lifetime execs: "I can't remember ever firing anyone." Given firm's breakup value (incl. 317,000 acres timber), portion imputed to his family's voting stock (not traded), worth $175 million.

Ruth Chandler von Platen

Harrison Gray Chandler

Times Mirror Co. Two (of 8) surviving children of Harry Chandler, Los Angeles empire builder who worked at *Times* during 1880s, married owner's daughter, gained control. Became one of largest land barons southern Calif. Died 1944; split Times Mirror Co. fortune equally among 7 living children. Ruth (Mrs. Karl G. von Platen): San Marino, Calif. 87. Thrice widowed, remarried; 3 children, 10 stepchildren. Second husband J.G. Boswell left her 11% J.G. Boswell Co., largest U.S. cotton producer; since sold off. Including roughly 4.4% Times Mirror stock (in trusts), net worth is over $170 million. Harrison: Arcadia, Calif. 81. Married, 1 daughter. Family spokesman. After Stanford 1927, joined company. Ran Times-Mirror Press through 1968. Active community affairs; recently retired chairman of Chandis Securities, family holding company. With roughly 4.4% Times Mirror (in trusts), net worth over $150 million. Fewer than 50 descendants of Harry share additional 22% *(see Chandler family).*

Daniel James Terra

Lawter International. Chicago. 73. Widowed, 1 son. Born of Italian immigrant lithographer. Lost Penn State dance audition to Gene Kelly ("All I had to do was see him take the first three steps and I knew he'd get the part"). Chemical engineering degree instead, started printing chemicals business 1940. Hired outsiders, developed new technologies late 1950s; went public 1960. Built one of nation's top private American art collections; paid $3.25 million 1982 for Samuel B. Morse's "Gallery of the Louvre," record for American painting. Planning major American art museum downtown Chicago. Reagan's fundraising chmn. 1979-80, now ambassador-at-large for cultural affairs. His 26% Lawter; art, other holdings worth at least $170 million.

William Zimmerman

Pic 'n' Save. Huntington Beach, Calif. 64. Widowed, divorced; 3 children. Started at 9 hustling sugarcane on NYC's Lower East Side, buying cheap in Chinatown, selling 2-cent slices to neighbors, making 50 cents a stalk. Later worked in Los Angeles as welder by night, self-employed salesman by day. From 1950 built Pic 'n' Save chain to 87 stores (mostly So. Calif.) selling brand-name apparel, household items at 40%-to-70% markdown. Depends on yesterday's fads, today's flops, human nature: "In a lot of cases customers aren't going to use the item . . . they buy it because it's a bargain and they can't pass it up." Sales of bargains now up to $227 million. Family recently retired some stock for $105 million; retains 6% stake. Worth minimum $170 million.

Arthur Charles Nielsen Jr.

A.C. Nielsen Co. Winnetka, Ill. 64. Married, 3 children. Nielsen Sr. (d. 1980) founded market survey firm 1923. During Depression found people claimed to buy prestige Lux soap, really bought proletarian Lifebuoy. Decided to count sales, not words. Result: dominant company measuring grocery sales, TV ratings. Added first electromagnetic meters to measure radio (1942) and TV (1949) audiences. Jr. president 1956, CEO 1974; company sold to Dun & Bradstreet 1984. Obscure clause corporate charter rendered family's Class C stock nearly valueless in merger. Traded Class A, B shares for D&B stock (much in trust for family), plus other assets, worth minimum $170 million.

44 men and 32 women on The Forbes Four Hundred are currently unmarried.

Albert Lee Ueltschi

FlightSafety International. Greenwich, Conn. 67. Widowed, 4 children. Young Lindbergh fan who saved money to fulfill dream: soloed open cockpit biplane at 16; instructing by 21. Barnstormer; fell out of plane teaching snap rolls at 4,000 ft., parachute opened at 150 ft. Pan Am pilot WWII; used off-duty hours to start firm 1951; mortgaged home to buy first simulator 1954. Made money training pilots inexpensively on simulators; grads' safety record above average. Left Pan Am when took firm public 1968; now sales $81 million. "I built this damn thing from nothing, and I did it clean." Clients are airlines, other companies, military. Controls 37%, other investments, worth $170 million.

Seymour Durst

Roy Durst

David Durst

Brothers. Real estate. Father Joseph self-made; emigrated from Austria 1902, started Durst Organization 1915 to oversee handful of NYC buildings (d. 1974). Sons moved into midtown Manhattan commercial properties 1940s; pioneered Third Avenue development. Followed father's rule: "Never buy farther than you can walk." Own about 100 properties; 4.2 million sq. ft. office space, large assembled blocks of properties in eventual path of Times Square redevelop-

ment. Seymour: NYC. 71. Widowed, 4 children. Driving force among brothers, land assembler; urban historian, outspoken critic of NYC zoning and rent stabilization: "The danger to New York is not a toxic environment but a toxic economy." Roy: Scarsdale, N.Y. 65. Married, 3 children. Manages, oversees construction. David: Chappaqua, N.Y. 59. Married, 5 children. Handles building design, leasing. Brothers equal net partners in holdings worth over $500 million; sister Alma has passive interest.

W. Duncan MacMillan
John Hugh MacMillan III
Marion MacMillan Pictet

Brothers and sister. Cargill, Inc. Children of John MacMillan Jr., who ran Cargill 1936-60 (d. 1960). Duncan: Wayzata, Minn. 54. Married, 4 children. Has long headed Waycrosse, Inc., Cargill/MacMillan private investment firm; Cargill director. Hugh: Fort Lauderdale, Fla. 56. Divorced, remarried; 6 children. Lives quietly; not active. Marnie (Mrs. Pictet): Geneva, Switz. 51. Divorced, remarried; 2 children. Out of the country most of the time. Share their family branch's approximately 25% of Cargill stock, worth at least $500 million. *(See Cargill/MacMillan family; also other Cargills, MacMillans, Keinath.)*

Whitney MacMillan
Cargill MacMillan Jr.
Pauline MacMillan Keinath

Brothers and sister. Cargill, Inc. Grandchildren of John MacMillan, who became president of grain giant Cargill on death of father-in-law founder. Whitney: Minneapolis. 55. Married, 2 children. Yale graduate 1951, joined company as vegetable oil merchant. Chairman 1977. Cargill: Minneapolis. 57. Married, 4 children; senior v.p. Pauline: 50. Married. Little known, not active in company. Share their family branch's 25% Cargill stock, by itself estimated to be worth at least $500 million. *(See Cargill/MacMillan family; also other MacMillans, Cargills, Pictet.)*

Seward Prosser Mellon
Richard Prosser Mellon
Cassandra Mellon Milbury

Inheritance. Ligonier, Pa. Adopted children (4th is deceased) of Richard King Mellon, grandson of Pittsburgh family bank founder, Judge Thomas Mellon *(see also other Mellons, Conover, May, Scaife).* RKM guided family banking-oil-stocks empire from 1930s until death in 1970. Seward (Pross): 42. Divorced, remarried; 2 daughters by first wife. Susquehanna U. grad. Trained in Mellon National Bank trust dept., now a director; also pres. Richard K. Mellon & Sons, family investment co. Richard (Dick): 45. Divorced, remarried; 2 sons. Tried banking, left to pursue other interests: conservation, oceanography. Also chairman family foundation. Cassandra (Mrs. Edwin Van R. Milbury): 44. Widowed, remarried; 2 children by first marriage. Active in philanthropy, civic affairs. Since death of mother Constance (1980), they preside over trusts believed worth at least $500 million.

Leonard Davis

Colonial Penn Group. NYC and Palm Beach. 60. Married, 2 sons. As small-town (Poughkeepsie, N.Y.) insurance agent, approached mid-1950s by Nat'l Retired Teachers Assoc. about group health plan; lined up contract; helped set up Amer. Assoc. of Retired Persons 1958. Started CPG 1963 to handle both accounts; grew through direct-response marketing. SEC probe late 1970s; CPG lost most AARP/NRTA clients in 1980 to competitive bidding; net loss $23 million 1981; since recovered by expanding services, targeting younger clients. Davis CPG consultant since 1982. His, family's 20% sold 1984 to St. Regis Corp. With previous CPG stock sales, net worth should be at least $160 million.

Charles Haywood Murphy Jr.

Murphy Oil Corp. El Dorado, Ark. 64. Married, 4 children. Took over father's sawmill 1941, at 21, immediately expanded into oil. Now in U.S., Canada, North Sea; owns one of world's largest fleets offshore drilling rigs. "When I might have been a college freshman, I had already found oil, had 40 employees, owed $100,000, wanted to marry. Being a freshman didn't appeal to me." Educated by tutors instead; emphasized classics, Shakespeare. Tutored own children at breakfast table. Retired as CEO 1984, still chairman. His 5.4 million shares worth $160 million; at least 50 relatives share additional $270 million.

Alex Manoogian

Masco Corp. Taylor, Mich. 83. Married, 2 children. An Armenian, emigrated from Turkey 1920 to escape persecution. First Detroit job: claimed to be experienced machinist, wasn't; fired. Hired later with skills. Quit 1929 to found Masco Screw Products Co. Big break 1955: Plumbing "experts" said single-handled faucets wouldn't sell, so he marketed now famous Delta model on own. Profits his own, too: faucets 23% of Masco's $107 million earnings in 1983. At 83 still works on new faucet design. Son Richard CEO from 1968; added oil products, etc., which helped weather housing and auto slumps (planning spinoff). With immediate family, has 10% worth $160 million.

Edward Wyllis Scripps

Publishing. Charlottesville, Va. 75. Divorced, remarried 35 years; 2 sons. Grandson of newspaper mogul E.W. Scripps, but a sundered branch of family: "We're all individualists—otherwise, they'd have us for antitrust!" Father James took over predecessor Scripps-Howard Newspapers 1909, early death 1921; E.W. studied hard and fast to take charge age 21 (1930). Spun off Scripps League Newspapers; now 46 publications (22 are small dailies). Chain highly profitable; debt-free. Sons will inherit, but E.W. still very active. "Unless ill health descends upon us, it's better to wear out than rust out." Net worth at least $160 million *(see also E.W. Scripps and J.E. Scripps families).*

Nathan Cummings

Industrialist. NYC. 87. Widowed, divorced; 3 children. Built Consolidated Foods from $16 million (sales) 1939; bought General Dynamics stock 1960s with Henry Crown *(which see)* at around $10; after splits, shares now worth about

$125 million. Significant collection Impressionists, post-Impressionists; once bought by the square foot. Donated extensive primitive art collection to N.Y. Metropolitan Museum of Art. At 80, threw Waldorf-Astoria birthday party for 635; Bob Hope starred. Son Alan first Jewish member Palm Beach Town Council 1984. Minimum net worth: $160 million.

B. Ray Thompson

Coal. Knoxville, Tenn. 77. Married, 3 children. Cumberland Mountains boy, went to work in father's sawmill: "College never caught my interest. I was too anxious to get moving in the world." Next: Salesman for coal brokerage firm, rose to president; built coal interests on side. Quit 1961, devoted full time to his Jewell Coal & Coke, Shamrock Coal. By 1979, as Elk River Resources, one of largest U.S. private coal companies; 4.5 million tons per year; reserves 200 million tons. Merged with Sun Co. 1979; Ray had 33%. Net worth at least $160 million.

Grover Connell

Food. Westfield, N.J. 66. Married, 3 children. Took over family business, Connell Rice & Sugar Co., 1950 (sales, $10 million). Now largest U.S. broker, trader in rice and sugar (sales, $600 million). Also food and machinery exports; leasing. Once handled nearly all California's rice exports ($350 million 1981), 90% South Korea's rice imports. Charges of illegal dealings with Tongsun Park, Korean wheeler-dealer, dismissed 1979 after Park changed testimony. Net worth believed to be at least $160 million.

Kenneth Stanley Adams Jr.

Entrepreneur. Houston. 61. Married; 1 son, 2 daughters. Part Cherokee Indian. "Bud," son of late Kenneth (Boots) Adams, heavy-handed builder Phillips Petroleum. Ken Jr. still in oil; better known as owner Houston (football) Oilers, "his only real contact with fame." Also cofounder American Football League with Lamar Hunt *(which see)*. Frugal reputation: "Bottom Line Bud." Most wealth in 15,000-acre California rice and vegetable farm, Texas ranch and farmland. Also coal mining, barging, trucking, biggest U.S. Lincoln-Mercury dealership (Houston). Minimum net worth: $160 million.

The states with the highest concentration of Forbes Four Hundred members:

New York 83
California 53
Texas 52
Florida 20
Pennsylvania 20

Bernard H. Mendik

Real estate. NYC. 55. Divorced, remarried; 3 children by first wife. "Bernie" born Scotland; raised South Bronx as son of handyman. Worked way through law school, broke into real estate 1957 with now ex-brother-in-law Larry Silverstein *(which see)*. Split 1977. Still partners in some buildings. Jokes: "I can't seem to shake him. Marriages die hard." Mendik now has over $1 billion in properties (over 9 million sq. ft.). Rehabs in Manhattan, builds in Conn. Mostly in partnership with institutions; recent deals with Allen & Co. *(see Charles Allen, et al.)*. Avid skier, runner. Minimum net worth: $160 million.

Armas Clifford Markkula Jr.

Apple Computer. Woodside, Calif. 42. Married, 2 children. "Mike": Electrical engineer who worked for Fairchild, then Intel until 1974. Persuaded 1976 by two computer freaks *(see Steven Jobs)* with homemade personal computer and no way to mass-produce, to put up $91,000, secure credit, sell idea to top venture capitalists *(see Henry Singleton, Rockefellers)*. Became Apple chairman, marketing v.p. 1977; CEO 1981. Left 1983, hired successor John Sculley (former CEO Pepsi-Cola): "It's very important to know your own limits." New title: "Markkula-at-large." His 9%, plus stock sales, worth $160 million.

Helen Clay Frick

Inheritance. Pittsburgh. 95. Never married. Strong-willed, worshipful daughter (and sole surviving child) of Henry Clay Frick. He was prototypical "robber baron," rose from bookkeeper to dominate Pittsburgh coke industry in Carnegie era; broke bloody Homestead Strike 1892. She inherited $38 million (1919); millions more after death of mother (1931). Reportedly was canny businesswoman; has fiercely defended father's name. Rarely seen in public since his death. Once lived near Frick Collection (NYC), established in his memory; now in secluded mansion. Even mediocre investment would put fortune well over $150 million by now.

Howard Phipps Jr.
Anne Phipps Sidamon-Eristoff

Brother and sister. Inheritance. Children of Howard Phipps (d. 1982), youngest of 19th-century steel magnate Henry Phipps' 5 children *(see Phipps family)*. Howard ("Howdy"): Westbury, N.Y. 50. Married, 3 children. Lives quietly; represents self, sister on Bessemer Trust board; active in NYC cultural world. "A true philanthropist." Anne (Mrs. Constantine Sidamon-Eristoff): NYC. 52. Married, 3 children. Husband prominent lawyer, was aide to former NYC mayor John Lindsay. Their share of Phipps fortune worth over $300 million.

Clarence Douglas Dillon

Investments. Far Hills, N.J. 75. Widowed, remarried; 2 children by first wife. Father Clarence, financial wiz, became leader of 1920s Wall Street establishment as Dillon, Read & Co., strong rival of house of Morgan (d. 1979). C. Douglas: distinguished public service as ambassador to France 1953-57, treasury sec'y 1961-65; stepped down 1983 as 14-year chmn. Metropolitan Museum of Art, NYC. Family's Dillon, Read sold 1981; 33%-owned U.S. & Foreign Securities (liquidated 1984). With invest-

ments, famous Château Haut-Brion vineyard (France), art, net worth exceeds $150 million.

Ezra Khedouri Zilkha

Investments. NYC. 59. Married, 1 son, 2 daughters. Father Khedouri A. (d. 1956) started Baghdad bank 1899, became known as "Rothschild of the East." Brought family to U.S. 1941 to escape war; later lost Middle East empire in Arab-Israeli strife. Son Ezra naturalized 1950. "We were diminished, but not impoverished. There was a seed." Rebuilt as Zilkha & Sons, Inc.; formed partnership with larger banks 1967 (now Fidelity Int'l Bank); chmn. until 1979. Polite; polished. Manages vast investment portfolio, mostly U.S.; serves on various boards. Wife Cecile is NYC socialite; director Met. Opera. Much wealth well-hidden, but believed to exceed $150 million.

Virginia McKnight Binger

Inheritance. Wayzata, Minn. & Manalapan, Fla. 68. Married; 1 son, 2 daughters. Only child of William McKnight. He was born poor in South Dakota sod hut, turned small, troubled sandpaper concern into worldwide, billion-dollar Minnesota Mining & Manufacturing (3M). Died 1978; with wife, left $500 million, from which created $340 million foundation. Virginia runs it. Husband James, 68, rose to lead Honeywell, Inc.; retired 1979 after 35 years. Own 5 Broadway theatres NYC; Tartan Stables in Ocala, Fla. Her net worth: over $150 million. "I don't really know. I don't go into all those details."

Charles Alden Vose Sr.

Charles Alden Vose Jr.

Banking. Oklahoma City. Sr.: 83. Widowed, 2 children. Jr.: 40. Married, 2 children. Family has controlled Okla. City's First National Bank & Trust Co. over 60 years; grew with city. Charles Sr. became president 1945; family now has 25% of holding co., First Oklahoma Bancorp. Tightly run: "Charlie Vose [Sr.] tolerates his shareholders and his board members, but he doesn't much like them." With son Charles Jr. (vice chairman) built fortune as financier of, sometimes controller of, numerous small banks; 80% Fourth National Corp., Tulsa. Also real estate. Both avoid press. With Ed Gaylord *(which see)* and the Goldmans *(which see)*, the power triumvirate of Okla. City. Father and son share fortune believed to exceed $300 million.

Irénée du Pont Jr.

Irene Sophie du Pont May

Margaretta Lammot du Pont Greenewalt

Constance Simons du Pont Darden

Eleanor Francis du Pont Rust

Marianna du Pont Silliman

Octavia Mary du Pont Bredin

Lucile Evelina du Pont Flint

Brother and sisters. Inheritance. Children of Irénée Sr. (d. 1963), president Du Pont Co. 1919-26, played major role in building company *(see Pierre S. du Pont family, du Pont family)*. Irénée Jr.: Christiana Hundred, Del. 64. Married, 5 children. Retired as senior v.p. Du Pont Co., 1978: "I as a stockholder would have objected to me as president." Irene Sophie (Mrs. Ernest May): Wilmington, Del. 84. Married, 4 children. Husband considered family radical (supported Castro, fought family's effort to reduce tax on Irénée Sr.'s estate). Margaretta (Mrs. Crawford H. Greenewalt): Greenville, Del. 82. Married, 3 children. Husband most successful du Pont in-law: Du Pont Co. president 1948-62, present with Fermi at first controlled nuclear reaction in Chicago 1942. Constance (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 80. Widowed, 2 children. Fought to limit use of Du Pont Co. pesticides in Va. early 1960s. Husband (d. 1981) governor of Va. 1942-46. Eleanor (Mrs. Phillip Gordon Rust): Thomasville, Ga. 77. Married, 4 children. Marianna (Mrs. Henry H. Silliman): Montchanin, Del. 73. Married, 6 children. Husband v.p. at family's brokerage firm, active in family's small mutual funds. Octavia (Mrs. John Bruce Bredin): Greenville, Del. 71. Married, 6 children. Husband director of family bank (Wilmington Trust), active in other Del. business interests. Lucile (Mrs. Robert B. Flint): Greenville, Del. 68. Married, 5 children. Board member of family foundation. The 8 siblings and their immediate families share in father's fortune worth at least $1.2 billion.

John Wilmer Galbreath

Daniel Mauck Galbreath

Father and son. Real estate. Columbus, Ohio. John: 87. Widowed, remarried; 2 children from first wife. Began as real estate broker, ruined in Depression; recovered by arranging sales of foreclosed property, drawing large commissions. Then hit on "package deals": Line up tenant and builder, take blueprints to bank for full financing. Philanthropic; not looking to retire: "That's when people die. I've seen it happen; they just waste away." Daniel: 56. Recently separated, 3 children. Heir to real estate empire: over 1 million sq. ft. valuable office space around U.S., plus interests in millions more. Firm manages over 18 million sq. ft.; developed world's largest privately financed housing project 1966-78 (13,000 units, Hong Kong). Also, 52% Pittsburgh (baseball) Pirates (run by Dan); 4,300-acre Thoroughbred breeding farm in Ohio; 680-acre farm in Lexington, Ky., other interests. Estimated joint net worth: over $300 million.

John Davison Rockefeller IV

Sandra Ferry (Rockefeller)

Hope Aldrich Rockefeller

Alida Rockefeller Dayton

Siblings. Inheritance. Great-grandchildren of oilman John Davison Rockefeller and children of John D. III (d. 1978, car accident). John IV (Jay): Charleston, W. Va. 47. Married, 4 children. Studied Oriental languages in Tokyo, later at Harvard and Yale. Was Peace Corps and youth crime adviser to JFK; elected W. Va. House of Delegates 1966; governor 1976 by record margin; reelected 1980 (spent personal $12 million); now seeking Senate seat. "The beanpole politician" (6 ft. 6);

first non-Republican Rockefeller and most prominent member of fourth generation. Sandra: Cambridge, Mass. 49. Single. Vassar-educated artist-musician. Made headlines traveling through Europe 1950s as "impoverished" student. Dropped Rockefeller name 1959; once tried to give all her money away; then tried psychotherapy. Now lives as recluse. Hope: Woodstock, Vt. 46. Divorced, 3 children. Married John Spencer 1959; divorced 1969. Wrote for *Newsday* (on feminism), *New York, Village Voice*; won awards for other reporting. Dropped out mid-1970s to quiet rural life near uncle Laurance's resort. "When people heard the name Rockefeller they never saw the person named Hope." Alida (Mrs. Mark Brandt Dayton): Minneapolis. 35. Married, 1 child. Graduated Stanford U. 1972, denounced parents (long since reconciled); did charitable work in San Francisco, TV documentary production in Los Angeles. Married 1978; husband heir to Dayton fortune *(see Dayton family)*, lost 1982 Senate bid. Siblings' estimated net worth: share portion worth at least $600 million in Rockefeller trusts. *(See also other Rockefellers, Morgan, A. O'Neill, Roberts, Simpson, Thorn.)*

Rodman Clark Rockefeller

Ann Clark Rockefeller Roberts

Steven Clark Rockefeller

Mary Clark Rockefeller Morgan

Siblings. Inheritance. Great-grandchildren of John Davison Rockefeller, children of Nelson Rockefeller's first marriage. Nelson, most drivingly competitive of the 5 "brothers," was 4-term New York governor, vice president under Gerald Ford; died 1979 (heart attack). Rodman: NYC. 52. Divorced, remarried; 4 children by first marriage. Dartmouth grad, joined late father's agribusiness firm, International Basic Economy Corp. (now Ibec Inc chairman). "Far from being a problem, the Rockefeller identity has allowed me to spread my wings." Ann (Mrs. T. George Harris): NYC. 50. Divorced, remarried; 4 children, 4 stepchildren. After college, spell as social worker in London's East End, Bronx; also student landscape design. Uses surname Roberts. Steven: Middlebury, Vt. 48. Divorced, remarried; 3 children by first marriage, 1 by second. Princeton grad, joined army, shocked family by marrying the Norwegian maid, worked briefly for Rockefeller Center. Quit, entered Union Theological Seminary, got divorced, tried psychoanalysis. "I had to deal with the problem of wealth and guilt." Now dean of Middlebury College. Mary (Mrs. Thomas B. Morgan): NYC. 46. Divorced, remarried; 3 children by first marriage. Helped establish public health project on Navajo Indian reservation late 1950s: "We lived in a trailer and ate out of cans and lived among people who had never heard of a Rockefeller." Active Michael Rockefeller wing, NYC's Metropolitan Museum (Michael was twin brother, died New Guinea, 1961). Studies primitive art. Four share at least $600 million in Rockefeller trusts. *(See also other Rockefellers, A. Dayton, Ferry, A. O'Neill, Simpson, Thorn.)*

Laura Simpson Thorn

Abby Rockefeller Simpson

Sisters. Inheritance. Daughters of Marilyn Milton Simpson (d. 1980) and great-great-granddaughters of John Davison Rockefeller. Laura (Mrs. Berrien Thorn): Bedford Hills, N.Y. 30. Divorced, recently remarried; 2 children. Studied at Boston's Wheelock College. Abby: NYC. 27. Single. Father (not a Rockefeller) works as Egyptologist in Boston. Little known. Estimated fortune: share at least $300 million in Rockefeller trusts. *(See also other Rockefellers, A. Dayton, Ferry, Morgan, A. O'Neill, Roberts.)*

Timothy Mellon

Catherine Mellon Conover

Siblings. Inheritance. Grandchildren of legendary financier Andrew Mellon (d. 1937) and children of Paul *(which see)*. Tim: Manchester area, N.H. 42. Divorced, remarried; 1 stepdaughter. Left Yale with city planning degree; started computer programming firm 1969. With partner started company to pressure-treat railroad ties 1977. Now seeks Northeast RR network: Paid over $45 million for Maine Central, Boston & Maine and Delaware & Hudson; total 3,900-mile system, mostly freight. Recently lost bid for Conrail; offered $1.2 billion (plus surrender of over $1 billion tax benefits). Lives modestly; once gave money to help rebuild Hanoi hospital; foundation now supports land and transportation studies. Cathy: Washington, D.C., et al. 48. Twice divorced, 3 children by first marriage. Antiwar activist (1972) when first husband John Warner made Navy Sec'y. Divorced 1973; *he* reportedly settled for some $9 million (later divorced Elizabeth Taylor; now senator). Cathy took mother's maiden name after second divorce; now active supporter Rocky Mountain environmental issues. Each sibling reportedly received $100 million in trusts, as stipulated by grandfather (Tim: "If you think you're going to drag the number out of me, you're wrong"). With conservative investment, combined net worth could exceed $300 million by now.

Bettina Bancroft

Hugh Bancroft III

Christopher Bancroft

Kathryn Bancroft Kavadas

Siblings. Inheritance. Great-grandchildren of Clarence Barron (1855-1928), who built up *Wall Street Journal, Barron's*, Dow ticker. Wealth (56% Dow Jones & Co.) first split among 3 grandchildren: Jane Cook *(which see)*, Jessie Cox (d. 1982; *see William Jr., Jane MacElree*) and Hugh Bancroft Jr. (d. 1953). Hugh's 4 children today share one-third of family's fortune. Bettina: Los Angeles. 43. Divorced, recently remarried; 2 children. Part-time archaeologist; serves on board Dow Jones; also member C.G. Jung Institute of Los Angeles. Retains maiden name. Hugh: Newport Beach, Calif. 35. Married, 1 daughter. Designs and builds antique-like cars in nearby Costa Mesa; travels widely. Chris: Denton, Tex. 33. Married, 1 son, 1 daughter. With wife, runs small real estate company as Bancroft Operations; also several local ice cream shops. Kathryn (Mrs. Stratos Kavadas): Newton, Mass. 32. Mar-

ried, 2 children. Interests fine arts, philanthropy, raising kids; husband is Boston restaurateur. Four siblings preside over trusts worth $600 million in Dow Jones stock.

Harold Farb

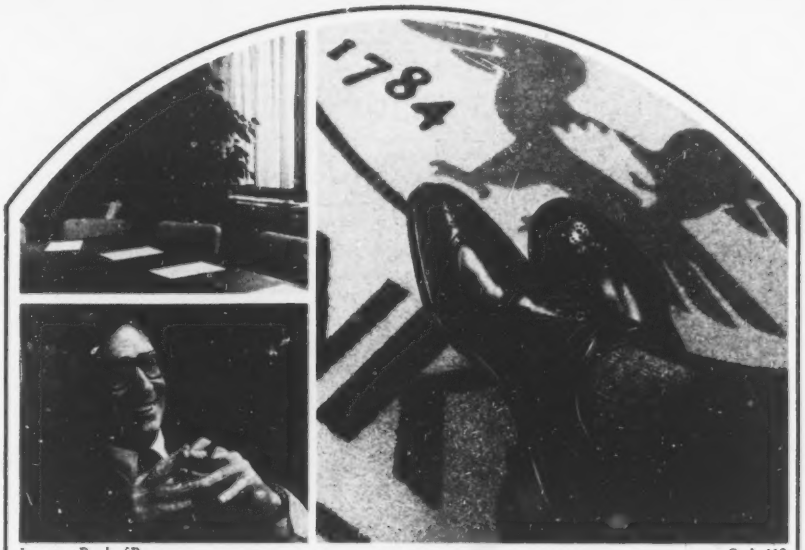
Real estate. Houston. 61. Twice divorced; 5 children by first marriage. Son of movie theater owner; turned to real estate after WWII. Harold built 500 to 1,000 apts. a year during 1960s, early 1970s. Now owns 19,000, dubbed "king of the singles complexes." Diversifying: mixed-use commercial projects, over 1 million sq. ft. office space; status-conscious *Ultra* magazine (Texas society); cuts own record albums (Jolson, Gershwin tunes); performs live at his Houston restaurant, The Carlyle. "You reach a stage when, if you don't have fun, what has it all been for?" Despite Houston apartment glut, $20 million divorce settlement 1983, net worth believed to exceed $150 million.

Orvon Gene Autry

Broadcasting, real estate. Los Angeles and Palm Springs. 77. Widowed, remarried; childless. "America's Singing Cowboy." Reared in Texas; learned to ride and rope on Oklahoma ranch. Made records, movies; CBS radio show 1940-57; was one of world's highest-paid performers. Bestseller: *Rudolph the Red-Nosed Reindeer*. Bought first radio station 1952; now 5 radio, 1 TV as Golden West Broadcasters. Split 1982 with longtime partner Signal Cos. after selling Los Angeles TV for then-record $245 million. Lost rights to air baseball Dodgers 1960, bought Calif. Angels instead. With real estate, music publishing, hotel, net worth at least $150 million.

Lawrence Arthur Wien

Real estate, law. NYC. 79. Married, 2 children. Son of wealthy silk manufacturer; founded law firm 1929. With partners put up $8,000 for Harlem apt. house 1931. Pioneered real estate syndication 1949, provided funds for deals with Harry Helmsley *(which see)*; took varying percentages of equity. Wien-assembled groups today control $2 billion NYC property, including Empire State Building. Also 60-lawyer firm. Son-in-law Peter Malkin active with both. Giving millions to NYC civic, cultural philanthropies to reduce estate. "I don't think it's



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good to leave too much to my beneficiaries." Consensus of peers: worth over $150 million.

Ivan Frederick Boesky

Arbitrager. Mt. Kisco, N.Y. and NYC. 47. Married, 4 children. Son of Detroit restaurateur; came to Wall Street 1966. Left Edwards & Hanly 1975 to go out on own, backed by limited partners. Dissolved 1980; has new merchant banking, investment firm. Nation's top arbitrager; huge profits from huge takeovers. Reportedly over $100 million from Gulf-Socal, Getty-Texaco deals alone. Also family-owned hotels, incl. famed Beverly Hills Hotel. Big fundraiser (UJA, Nazi-hunting); teaches arbitrage at NYU, Columbia. Sleeps about 3 hours per night: "A minute in this business is a year in any other." Net worth believed to exceed $150 million. "I haven't really worked for money since I was 30."

William Stamps Farish III

Inheritance. Versailles, Ky.; Houston. 45. Married, 4 children. Grandson, namesake of cofounder Humble Oil (1917), now big part of Exxon. Principal heir family fortune based on Exxon stock; also oil, real estate, banking. Concentrates on Ky. ranch, Lane's End: substantial horse breeding, racing. Polo player at Univ. of Va.; won National Open. Officer of exclusive Jockey Club, ruling Thoroughbred organization. "One of the leading young men on the turf." Hosted Vice President George Bush for 1984 Ky. Derby; Queen Elizabeth II due in fall. Son-in-law of du Pont heir Bayard Sharp *(which see)*. Net worth may exceed $150 million.

Robert Adam Mosbacher

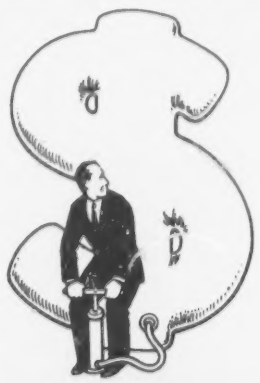
Oil. Houston. 57. Widowed, divorced; 4 children by first marriage. Born White Plains, N.Y. to moneyed family. Prep school, business degree Washington and Lee Univ.; to Houston 1948 to become wildcatter. "I may not be much of a leader, but I'm a lousy follower." Has real estate, ranching interests in addition to Mosbacher Production Co. Twice world yachting champion in Olympic classes. National finance chairman for Gerald Ford 1976, George Bush 1980, on 1984 Reagan campaign committee. Friendly, respected. Father's advice: "You don't ever want to have to cross the street when you see somebody coming." Net worth believed to exceed $150 million.

Charles Shipman Payson

Industrialist; inheritance. Portland, Me. and Hobe Sound, Fla. 85. Widowed, remarried; 5 children (1 deceased). Inherited $3 million from first father-in-law, William Payne Whitney. Left NYC law practice for Suchar Corp.; built into Corn Products Refinery. Got stainless steel patent 1927; merged firm into Armco Steel. Chaired Vitro Corp.: space systems, uranium mining, etc. Now: well-diversified fortune (stocks, bonds, land, oil & gas, art, 6 homes). One-third interest in trust from estate of first wife, Joan Whitney Payson (owned N.Y. [baseball] Mets; d. 1975; *see also her sister-in-law Betsey Whitney*). Just gave $20 million-plus (cash, art) for Portland museum. Breeds horses, cattle, buffalo; hunts quail winter weekends on 17,000-acre Fla. ranch. Still worth at least $150 million.

William Averell Harriman

Inheritance. Middleburg, Va. 92. Divorced, widowed, remarried; 2 children by first wife. Son of Edward H. Harriman, 19th-century rail lord (Union Pacific), financier (d. 1909). Played world-class polo in youth; joined board of father's Union Pacific age 21. Upon mother's death 1935, heir, with 4 siblings (now deceased), to $69 million UP fortune. Father: "Great wealth requires great responsibilities." 40-year diplomat: ambassador to Russia, U.K. (WWII); commerce sec'y; N.Y. governor 1955-59, etc. Liberal thinker, conservative spender. Still active. Broke leg in Barbados last year, but bounced back quickly. "Even his doctors were amazed." Stock, oil, real estate fortune worth $150 million or more.



The only American who made more than $1 billion in 1984 is Gordon Getty: $1.9 billion, plus dividends.

Larry Abraham Silverstein

Real estate. NYC. 53. Married, 3 children. Began as leasing broker with father. Operated with now ex-brother-in-law Bernard Mendik *(which see)* 1957-77. Still partners in some buildings. Controls about 7 million sq. ft. office space, mostly Manhattan. Laments "crazy prices now," says cheaper to build new than buy old. Claims $1 billion in works or planned. Biggest: 47-story No. 7 World Trade Center; each floor football-field size. Also developing suburban office buildings (Staten Island and N.J.), Florida condos. Chairman New York Real Estate Board, founder popular NYU Real Estate Institute. Net worth: over $150 million.

William Alvin Moncrief Sr.
William Alvin Moncrief Jr.

Oil. Fort Worth. 89, 64. Sr. married, 1 child; Jr. married, 4 children. Sr., raised in east Texas, WWI machine gunner, quit 1927 as v.p. Marlin Oil (later became Conoco) to go out on own. Four years of mostly dry holes, then first find: northernmost extension of vast east Texas field, 1931. Investor-partners in 1940s, 1950s included golf buddies Randolph Scott, Bing Crosby, Bob Hope. W.A. Jr. (Tex) working in business since 1945. Together control oil and gas reserves, mostly in Tex., La., Fla., Wyo., N.M., Okla., Canada; known reserves worth at least $300 million. Tex: "I think we could come up with that."

Jack Carroll Massey

Entrepreneur. Nashville. 80. Widowed, remarried; 1 daughter, 2 stepsons. Began as pharmacist: "the

hardest work I ever did . . . standing behind a counter all day filling prescriptions." Launched retail drug chain 1930, parlayed into surgical supply chain; sold 1961 for $1 million. Bought Kentucky Fried Chicken for $2 million from Colonel Sanders; built up; sold 1971 to Heublein Corp. for $240 million (his share $45 million). Then built Hospital Corp. of America into nation's largest manager of hospitals; now director emeritus. Also active chairman. Winners Corp. (fast food). With venture capital, real estate Tenn., Texas, Fla., numerous stockholdings, net worth believed over $150 million.

Carl Clement Landegger

George Francis Landegger

Brothers. Industrialists. Father Karl F. bought rundown paper mill in Austria late 1920s; escaped Hitler 1938 with maybe $40,000; to U.S. 1940. Bought small pulp trading firm Parsons & Whittemore; now one of world's leading builders of pulp and paper mills (66, mostly Third World and Communist countries). Also Black Clawson (paper machinery). Wholly owned by sons since father's death 1976. Carl: NYC. 54. Recently divorced, remarried; 6 children. Current patriarch; heads domestic operations. George: homes in London, Paris and Connecticut. 47. Divorced, remarried; 5 children. Handles overseas business. Carl born Vienna; George, London; both naturalized 1946. For relaxation Carl runs marathons, digs for Inca relics, tramps alone through Amazon jungle. Discovered several pre-Columbian cities, earliest New World wreck (16th-century galleon). "George is more social": i.e., plays tennis. Despite debts, joint net worth at least $300 million.

John Langeloth Loeb

Financier. NYC. 81. Married, 5 children. "Aristocrat of merchant banking." With his father founded Loeb, Rhoades, the brokerage firm, in 1931; run by John 1955-76. By then 4th-largest U.S. brokerage firm. Abandoned semiretirement 1977; merged with Hornblower, Weeks; lost money. Merged with Shearson Hayden Stone 1979, now Shearson Lehman/American Express. Some stock down, but vast portfolio, other interests, still believed to be over $150 million.

Alpheus Lee Ellis

Banking, real estate. Tarpon Springs, Fla. 78. Married, 1 daughter. Started New Year's Day 1920 as janitor in father's small Alabama bank; in banking ever since, 59 years in Fla. Bought first bank 1943. Built Ellis Banking Corp., state's 8th-largest bank holding co., $1.6 billion assets. Conservative: few commercial loans, stayed out of Florida condo loan market. Sold his 56% stake 1984 to NCNB Corp. for 4 million shares, lifetime office, limousine, chauffeur. "I told them I didn't want to come out with less than I had." With extensive real estate western Florida, other assets, his worth believed to exceed $150 million.

Nelson Doubleday Jr.

Publishing. Locust Valley, N.Y. 51. Divorced, remarried; 4 daughters by first wife, 2 stepchildren. Ancestor Abner may have invented baseball. Grandfather left Charles Scribner's Sons to cofound Doubleday & Co. 1897; father ran until death 1949. Jr. wrote Princeton thesis on paperback publishing; Doubleday pres. from 1978. Controls largest hardcover trade book publisher, bookstores, bookclubs, radio stations. Firm has 89% N.Y. (baseball) Mets. Divides attention: "I spend three times more of my time on publishing than on the Mets." Won feud with sister over going public. His 51% stake worth at least $150 million.

H. Ross Perot lost the most money in a single day: $384 million, on Apr. 22, 1970, when his EDS stock plunged 40 points. His two-day loss was $576 million. At one week it was $700 million. At one month, $1 billion.

Philip Hampson Knight

Nike, Inc. Beaverton, Ore. 46. Married, 2 sons. On $1,000 partnership with college track coach, started selling Japanese sneakers from tailgate of station wagon 1964; made $400 first year. Broke with suppliers 1972; quickly created "Nike" (Greek goddess of victory) running shoes in time for '72 Olympic marathoners to promote. Introduced quirky, highly successful "waffle-sole" 1970s; now offering gas-injected soles. Went public 1980. Knight tests new models on 15-mile jogs to work; laughs: "If a model is not a success, it's embarrassing when I walk around crippled all day." His 42% stake recently worth $150 million.

Meshulam Riklis

Rapid-American Corp. NYC. 60. Divorced, remarried (to actress Pia Zadora); 3 children by first marriage. Born in Turkey, landed U.S. 1947 from Israel as student. Became Minneapolis stock analyst, Hebrew teacher 1951. Organized investment syndicates; bought up firms (Rapid Electrotype 1955), helped finance others. Went public as Rapid-American 1957. High leverage, low earnings mid-1970s led to nickname "Meshuggener Reckless of Rancid-American." Witty; tough. Erased most of massive debt load, earnings now up. Went private 1981. "To the outside I will remain Riklis, who gets the glory and the crap." His 60% worth at least $150 million.

Frank Batten

Publishing, broadcasting. Virginia Beach, Va. 57. Married; 1 son, 2 daughters. Uncle S.L. Slover arrived Virginia 1900; sold ads; was offered half-interest in newspaper conditional on turning profit within a year. He succeeded; built Land-

mark. Communications (flagship: *Norfolk Virginian-Pilot/Ledger-Star*, 7 other dailies, many weeklies, 2 TV stations, etc.). Raised orphaned Frank, who took over 1954, age 27; reshaped. Began aggressive expansion 1963 with first cable franchises. Cable now one-third of nearly $300 million revenues (over 400,000 subscribers). Some debt, but Frank's 24% (52% voting stock) worth at least $150 million.

Edwin Claiborne Robins

A.H. Robins Co. Richmond, Va. 74. Married, 3 children. With mother, saved failing family drug firm 1933: used low-key, friendly touch selling to drugstores. Made Robitussin 1949; added Chap Stick 1956; later, flea collars (Sergeant's), French perfume (Parfums Caron), birth control (Dalkon Shield). Firm sold 4.6 million shields worldwide 1971-74, stopped at FDA request. Harmful effects, some fatal. Settled 6,900 cases for over $200 million (insured). U.S. District Judge: "This is corporate irresponsibility at its meanest." Suing judge for bias. Sales $563 million 1983. E.C. Jr. CEO; Sr. chairman, gave $50 million stock to U. of Richmond 1959. With family, still controls 38%, worth $150 million.

Jack N. Mandel

Joseph C. Mandel

Morton Leon Mandel

Brothers. Premier Industrial Corp. Jack: Shaker Heights, Ohio. 72. Married, no children. Joseph: Lyndhurst, Ohio. 70. Married, 2 daughters. Morton: Shaker Heights. 63. Married, 3 children. Pooled $900 to buy auto-parts shop 1940. Found dull but lucrative niche supplying quality nuts & bolts, arcane auto, electronic parts to low-volume buyers. Jack, Joseph handled marketing, sales; Mort, management. Mort's first catalog homemade: items sewed on felt. Went public 1960, grew by selective acquisition (Newark Electronics 1968); $317 million sales fiscal 1983. Now publish 800-page catalog electronic components, no felt; also industrial maintenance, firefighting equipment. Mort chairman; Jack, Joseph now directors. Active in civic affairs and various charities. Brothers share 60% Premier, plus considerable outside holdings. Worth at least $450 million.

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The Forbes Four Hundred

William Francis Farley

Leveraged buyouts. Chicago. 41. Married, 2 children. After college, sold encyclopedias, became top seller. Law degree. Joined NL Industries 1969 as acquisitions analyst; later investment banker at Lehman Brothers. Began own buyout career 1976 with $1.7 million purchase of citrus co. "Only difference now is that I've added a few zeroes." Paid $118 million—$3 million his, rest borrowed—for NL Industries' metal products division 1982. Won proxy fight 1984, took over Condec Corp. for $140 million. Wholly owned Farley Industries now $750 million annual revenues. Net worth, despite debt, believed to exceed $150 million.

Robert Shelton

Ranching. Kerrville, Tex. 48. Married, 9 children. Outvoted with half-brother Belton Kleberg Johnson *(see below)* in family succession parley 1974. Soon after departure of Belton, "Bobby" likewise sold out his 14% share in King Ranch 1978. Abandoned ranch, sprawling mansion, moved to Kerrville. "He's the biggest thing to come through Kerrville since the Guadalupe [river]." Took land, other assets instead of cash, retained 11.2% interest in oil royalties. Sued family for more. Other land in Texas, Florida, Montana. Minimum net worth: $150 million.

Belton Kleberg Johnson

Ranching. San Antonio and La Pryor, Tex. 54. Married, 3 children. Cowboy preppie, spent high school (Deerfield Academy) vacations roping calves, breaking horses. Uncle Bob Kleberg, King Ranch patriarch, adopted Belton as protégé, willed him his boots. Never got to fill them: Family chose less dominant personality as successor 1974. Belton sold his 12.5% share to family for $70 million 1976, built up own spread. Now over 100,000 acres Texas, Calif., including oil, cattle (some 15,000 head). Also majority San Antonio's Hyatt Regency; agricultural consulting firm; minor stocks. Net worth believed to be at least $150 million.

The minimum total net worth of The Forbes Four Hundred is $125 billion.

In comparison:
Total U.S. currency and coin in circulation: $175 billion.

Total assets of the nation's largest bank-holding company (Citicorp): $144 billion.

Total foreign direct investment in the U.S.: $134 billion.

Total savings accounts of individuals in U.S. commercial banks: $126 billion.

Edwin Carl Whitehead

Medical instruments. Greenwich, Conn. 65. Twice divorced, widowed, recently remarried; 3 children by first wife, 5 stepchildren. "Jack" and father founded Technicon Corp. 1939 in Bronx loft with $5,000. Father died 1967. Firm made sophisticated blood analyzers, etc. Went public 1969, Edwin briefly a paper billionaire before market slide. Sold to Revlon 1980 (traded his 84% for Revlon preferred stock, recently sold). Now various investments; active in charity. Built, endowed Whitehead Institute for Biomedical Research, Boston. Net worth still at least $150 million. "It's easier to make $100 million than to give it away."

Malcolm Austin Borg

Publishing, broadcasting, inheritance. Englewood and Spring Lake, N.J. 46. Married; 2 sons, 1 daughter. Grandfather John, wealthy Wall St. stockbroker, bought into *Bergen* (N.J.) *Record*; newspaper wholly owned by family since 1930. Malcolm spent 1960s learning business, took over 1971; finished college after second child born. Sharp on details, driven. Suffered mild heart attack age 26. Nonunion paper; 4 TV stations have high cash flow; est. revenues 1984, over $115 million. Has kept away from cable ("the bloom is off the rose"), but lately hunting for more TV. Civic-minded. With little debt, umbrella Macromedia, Inc. could fetch $250 million. His 61% worth minimum $150 million.

John Harold Johnson

Publishing. Chicago, Palm Springs. 66. Married, 1 daughter. Born Arkansas; widowed mother worked as maid and cook. To U. of Chicago part-time 1936 (never finished). Edited house magazine for black-owned insurance firm. Pawned mother's furniture for $500 to launch *Negro Digest* 1942. Now owns *Ebony*, *Jet*, 2 radio stations, real estate, fast-growing cosmetics line (Fashion Fair), etc. Some cable, but not bullish: "I don't want to buy the future. I want the present." Business run like large extended family; wife Eunice is sec'y-treas.; daughter Linda, 26, being groomed to lead. Tough boss: "The name of the game is to survive with honor." Net worth at least $150 million.

Fitz Eugene Dixon Jr.

Inheritance. Lafayette Hill, Pa. 61. Married, 1 son, 1 daughter. Great-grandfathers were P.A.B. Widener, streetcar magnate (d. 1915), worth $100 million; William Elkins (d. 1903) worth $30 million. Primary heir to both, through mother. Taught 16½ years at Episcopal Academy, his prep school, "the happiest days of my life." Prefers giving (medicine, education) to making money. Civic-minded; first chmn. Pa. state university system 1983. Horses, 500-acre farm, 10%

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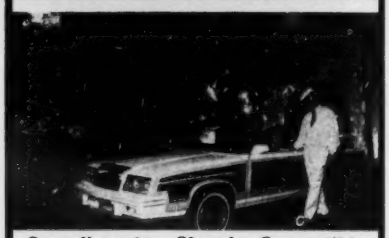

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The Forbes Four Hundred

baseball Phillies. Daughter almost made Olympics dressage (precision equestrianism) team. Minimum net worth: $150 million.

Lew R. Wasserman

MCA, Inc. Beverly Hills and Palm Springs. 71. Married, 1 daughter. Cleveland movie usher; went to work age 22 for MCA founder Jules Stein (1935). Rose quickly to top agent, president; MCA became Hollywood's hottest talent agency (over half of top stars under contract in heyday). Brought banker's mentality to town; first to plunge major studio into TV (1949); bought Universal Studios 1959. Dropped talent field 1961 when Justice Dept. forced him to choose. Hollywood's "statesman": Solves problems; knows all the players. Much unpublicized charity; rarely gives interviews. With 7.4% MCA, net worth is minimum $150 million.

Robert Hazelwood Kieckhefer

Containers, investments. Prescott, Ariz. 66. Married, 4 children. Joined family cardboard box and shipping container business 1939. Company joined Weyerhaeuser 1957 for over $200 million in stock; father got $52 million (d. 1970). Robert on Weyerhaeuser board, still holds almost 3% stock. Also heads family's investment company. Quiet, private. Breeds and races horses. Weyerhaeuser stock, as well as substantial InterNorth stock after merger with Belco Oil, other investments, worth at least $150 million.

Maurice Larry Lawrence

Real estate. San Diego, et al. 58. Twice divorced, remarried; 3 children by first wife. Family long active in Chicago ward politics. "Larry" to college on football scholarship; played briefly preseason for then-Chicago Cardinals 1948. "I didn't like it, quite frankly, and the money wasn't that good." Began developing real estate for others, then for self with, without partners; moved west in 1953. Has built over 10,000 "affordable" units (apartments, homes, housing projects), mostly S. Calif. Control of posh, historic Hotel Del Coronado from 1963. Key state Democratic leader, fundraiser. Secretive. Has foes: "Being in a 99% Republican community, it's easy to be misunderstood." With real estate, vast stock, bond portfolio, worth at least $150 million.

John Brocks Fuqua

Entrepreneur. Atlanta. 66. Married, 1 surviving son. Poor farmboy ham operator, started first Augusta radio station 1940. After series of small but fruitful business deals, J.B. started Augusta TV 1953. Since sold; profits supported conglomerating binge 1960s. Fuqua Industries (sales over $730 million) now stable after 1981 attempt to go private, takeover turmoil, mass firing, sale of major subsidiaries. Shrewd, skillful; always looking to deal; no outside hobbies, "but I'm not proud of that." Influential; well-connected; served in state gov't. With minor stake Fuqua Ind., vast stock, real estate, oil and gas portfolio, net worth believed to be $150 million or more.

Alex Gus Spanos

Real estate. Stockton, Calif. 61. Married, 4 children. Left $40/week job at father's bakery to start catering company 1956; size and success small. Four years later, sensing Calif. real estate boom, began small building firm. Now A.G. Spanos Construction, Inc., builder 46,000 apartments, developer 2.6 million sq. ft. office space, claims over $750 million revenues. Travels some 6,000 miles weekly; 2 sons, 2 sons-in-law help run firm. Golfer; raised interest in San Diego (football) Chargers to 66% in 1984. "I never begin or end a working day in the sunlight." Net worth said to be at least $150 million.

James LeVoy Sorenson

Medical devices. Salt Lake City. 63. Married, 8 children. Quit medical school for Mormon missionary work; later, successful Upjohn salesman. Moved by suffering hospital patients, began developing medical devices late 1950s. Big invention: disposable catheter for long-range chemotherapy. Started Sorenson Research 1960 to develop breakthroughs (holds over 50 patents); kept busy with lingerie firm

($4 million sales), other interests. "The more of a specialist you become, the less chance you have of becoming an entrepreneur." Sold SR to Abbott Labs for $100 million in stock 1980. Stock, land, large but low-grade oil, coal deposits believed worth $150 million or more.

Generoso Paul Pope Jr.

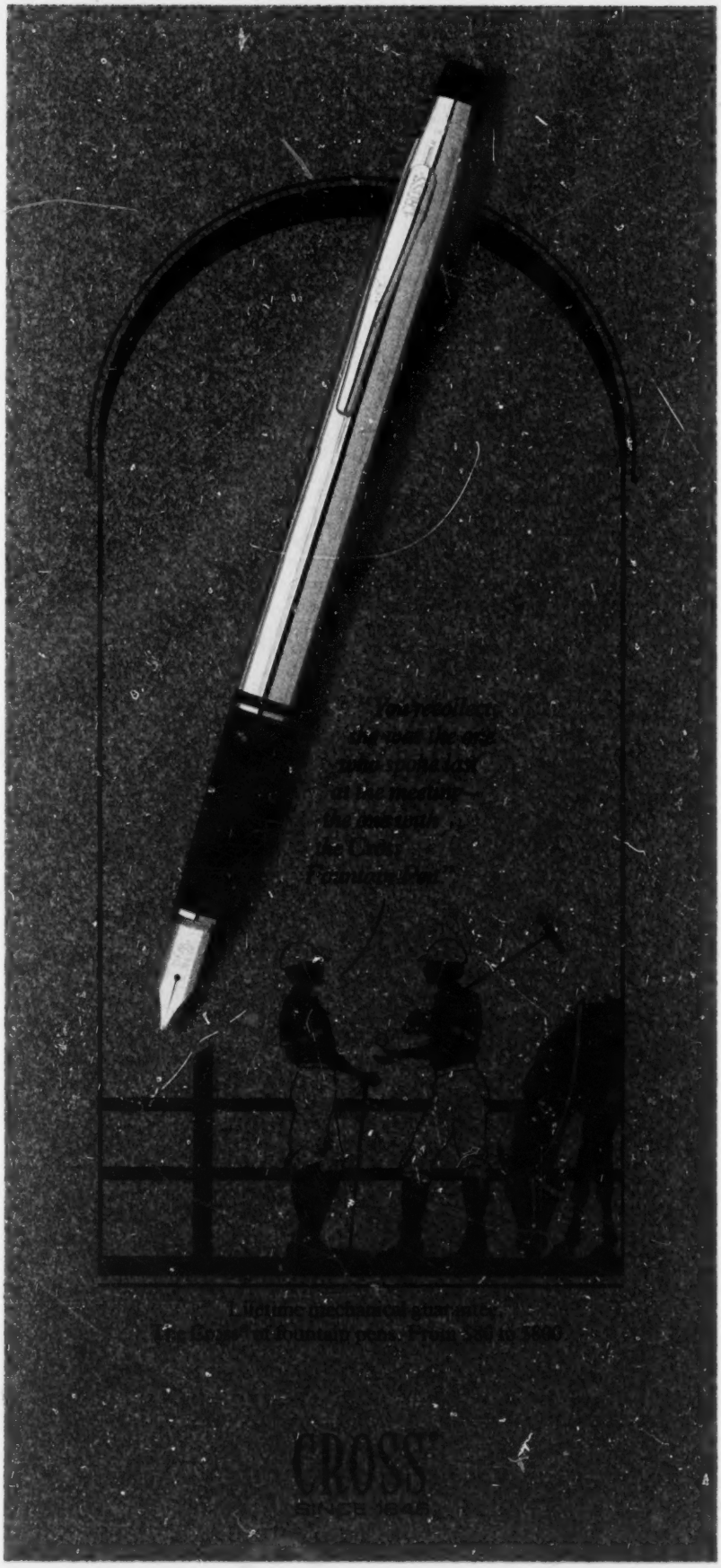
Publishing. Manalapan, Fla. 57. Widowed, divorced, remarried; 6 children. Edited father's *Il Progresso Italo-Americano,* edged out by brothers ("They decided I was going to work for them, and I told them to take a walk."); worked for CIA, quit; bought 17,000-circ. *National Enquirer* 1952 on borrowed $75,000. Beefed up, later softened, sensationalism. Circulation peaked late 1970s after big marketing blitz to supermarkets; recently 4.8 million, but profits steady (est. $9 million aftertax). Added racier *Weekly World News* 1980, circ. now 1.1 million. Still looking for TV station. Net worth: about $150 million. "I've been told I have an abnormal drive."

Yoko Ono

Inheritance. NYC. 51. Twice divorced, widowed; 1 daughter by second husband, 1 son by third. Born to banker in Tokyo, moved to Scarsdale, N.Y. 1951, attended Sarah Lawrence. Became known in avant-garde art circles, met Beatle John Lennon in London gallery 1966; married 1969. Ran his empire: music cos., copyrights, royalties, real estate, Holstein cows, etc.; he became world's richest house husband. Considers business an extension of her art (painting, poetry, recording rock music); uses astrology, tarot cards, psychics. Travels incognito with bodyguards; interviews rare. Promotes world peace in newspaper ads. Spirit Foundation helps aged, abused and orphans. Lennon slain 1980; left estimated $150 million.

James Stanley Gilmore Jr.

Investments. Kalamazoo, Mich. 58. Widowed, remarried; 5 children, 4 stepchildren. Gilmores long intermarried with Upjohns *(which see)*; city's dominant families. James worked way up through Gilmore Brothers Dept. Stores; city mayor 1959-61. Parlayed small inheritance into personal empire from 1962. Owns TV, radio stations, real



estate, farm operation, more. Miami Chevy dealership is one of largest U.S.; strong year: should top $200 million sales. Sold modest cable business, seeks big Sunbelt TV station. Civic leader; lost GOP bid for Congress 1980. Enjoys deep-sea fishing, backs race-car driver A.J. Foyt Jr. Net worth is around $150 million.

Robert Lee Vesco

Fugitive. Caribbean area. 49. Married, 5 children. Son of Chrysler assembly-line worker. High school dropout; worked as mechanic, junior engineer, traveling salesman, then tube and valve maker. In 1972, consultant for IOS, Ltd.; vanished with $224 million (SEC estimate). Invested in Panamanian and Costa Rican firms. Lived in Costa Rica, then Bahamas, now said to be living in Cuba running big drug trade. Was rumored to operate yacht with guided missiles. Stalked by creditors, lawyers, thugs, intelligence agencies of several lands. Some money retrieved, but net worth still believed at least $150 million.

Paul Block Jr.

William Block

Brothers. Publishing. Father Paul Sr. built newspaper chain from 1915; had to sell most during Depression (d. 1941). Sons both Yale grads; took over business 1941, 1946. Paul: Toledo, Ohio. 73. Divorced, widowed, remarried; 3 sons, 3 stepchildren. Operates *Toledo Blade* (circ. 165,000). Ph.D. chemistry; does lab experiments in spare time. Politically conservative. Bill: Pittsburgh. 69. Married; 2 sons, 2 daughters. Started at *Blade* 1937; operated *Pittsburgh Post-Gazette* (circ. 180,000) since 1946. Politically liberal. Jointly own both papers, a smaller one in Calif., TV stations; expanding rapidly in cable. Low debt. Estimated joint net worth: about $300 million.

Sherman Cohen

Edward Baron Cohen

Brothers. Real estate. Quit William and Mary College to be men's clothing retailers; started Westchester construction company 1954, built midrise apartment buildings. Now own, develop large commercial properties midtown NYC. Planning their first Manhattan apartment building in 15 years. Sherman, the financier, dominant brother: NYC and Greenwich, Conn. 61. Ed, construction chief: NYC and Southampton, N.Y. 64. Both married; 2 children each. Avid golfers, but Sherman is better: "He concentrates more." Joint net worth $300 million, including reported $100 million government securities, cash (Sherman: "We want to be liquid").

Clayton Wheat Williams Jr.

Oil. Midland, Tex. 52. Divorced, remarried; 5 children. "Claytie" quit as $10,000-a-year insurance salesman 1957 with $2,000 savings to begin career as oilman. Struggled through 1960s, then successive major finds. Now over $1 billion revenues; operations include six ranches, 300,000 acres. Claims to be largest individual oil producer in Texas; Midland real estate. Most flamboyant Midlander, viewed by town as outsider. "I don't mind having enemies. I just like to know who they are so we can get the fight going." Despite large bank debt, net worth may still be $150 million or more. "I'm not a billionaire yet, but it's nice to have a goal."

John Kendrick Hanson

Winnebago Industries. Forest City, Iowa. 71. Married, 3 children. Was youngest licensed embalmer in Iowa; took over father's funeral home. First trailer manufacturing venture failed; Hanson bought control, reopened 1959, added motor homes. Stock climbed 462% in 1971, made 2 dozen locals millionaires. When gas prices rose, stock fell. Hanson, retired 4 years, returned 1979, ousted son as president, cut staff, sold assets ("I came in like Wyatt Earp. I just lined 'em up and shot 'em down"). Winnebago profitable again. Hanson still works half-time; with 47% stake, worth about $150 million.

Kyupin Philip Hwang

TeleVideo Systems. Los Altos Hills, Calif. 47. Married, 2 daughters. North Korean who fled south in Korean War; now battling Apple, IBM for personal computer market. Landed U.S. 1964 with $50; washed dishes in Lake Tahoe casino to finance college; naturalized 1974; started TeleVideo 1975 in his garage; went public 1983. Fortune briefly $1 billion in 1983 high-tech stock craze. Driven; reflective: "I still have a long, long way to go to reach my goal—to work until I die." Firm now world's leading independent supplier VDTs, also makes multiuser systems. Stock has slipped, but Hwang, with 68%, still worth about $150 million.

Great Family Fortunes

Some major fortunes in the U.S. ($200 million and up) have already been so divided among heirs or family members that no individual qualifies for The Forbes Four Hundred, yet the families still show enough cohesion—in financial matters, at any rate—to be considered as entities.

Those uncovered in our research follow. The listing is extensive but not intended to be as complete as our search for the richest *individuals* in America. Think of most as the significant echoes of those who would have been members of The Forbes Four Hundred had we compiled it a few decades ago.

Family Fortunes

Belk

Charlotte, N.C. Descendants of William Henry Belk, who opened general store Monroe, N.C. 1888; and brother John, who joined him. Gave no credit; bought out, for pennies on the dollar, competitors who did give credit during hard times. Big growth period: Great Depression. About 25 family members share ownership 350 department stores in 16 southeastern states. All separate corporations, mostly shared with local owner-managers. Family known to feud: "pure Southern Gothic." Eldest son ousted as chairman 1950s, tried to thwart brother's mayoral campaign 1969. Fortune over $300 million.

Belz

Memphis. Three generations in real estate. Austrian-born Philip, 80, began buying land mid-1930s; family grew with Memphis. Rarely sell: "Land is the finest investment. God only made so much of it and is not going to make any more." Pioneered industrial park concept. Probably largest landlords Tennessee; over 750 tracts in Memphis' Shelby County alone. Motels (14 Holiday Inns), shopping centers, office bldgs., apartments, farmland; lately off-price outlet malls (all over U.S.). Two sons killed in plane crash 1963; third, Jack, 56, now runs firm with third generation. Tightly knit, religious, secretive. Family fortune believed to exceed $250 million; Jack claims less.

Brown

Louisville. Heirs of George Garvin Brown, who in 1870 founded Brown-Forman Distillers (Old Forester, Early Times, Jack Daniels). Bought out George Forman's stake 1901. During Prohibition, son Owsley peddled Old Forester as prescription drug while (legend says) secret yeast strain lay hidden from Feds in deep well. Firm built cachet by promoting heavily without cutting prices or competing for volume. Now great-grandson Lee Brown is CEO; brother Martin runs Jack Daniels division; cousin Owsley Frazier vice-chmn.; other kin to rise in firm's "planned nepotism." Bought Bolla, Cella wines 1960s, Southern Comfort 1979, Lenox Inc. (high-quality chinaware) 1983. Family's stock worth $290 million.

Buck

California, et al. Scattered descendants of Frank Henry Buck, who cofounded Belridge Oil 1911. Family received $665 million from 1979 buyout by Shell, of which San Francisco Foundation got $253 million. Eva, 87, widow of Calif. congressman Frank II (d. 1942), does charity work in Vacaville, Calif.; got largest share—some $70 million after-tax. Founder's grandchildren shared rest. Frank III: "I'm the same old guy. It's not like winning the lottery, just an investment redeployment." Combined, 6 descendants worth at least $325 million.

Cabot

Boston area. Descendants of John Cabot, immigrant merchant from island of Jersey (1700). Famed Boston "Brahmins." Prominent name since Revolutionary War (Cabots outfitted privateers to attack British ships). Current patriarch Thomas Cabot, 87: "We try to do our duty." Biggest business success: Godfrey Cabot founded Cabot Corp. predecessor 1882 to make carbon black (soot) from newly discovered natural gas. Godfrey's branch holds 40%, worth $325 million ($1.5 billion sales). Louis W. Cabot, 63, heads company, two relatives on board. Other branches influential, wealthy, but don't share this fortune.

Cargill/MacMillan

Origin: Minneapolis. Founder William W. Cargill, son of Scottish sea captain, born on Long Island, moved west, set up Cargill, Inc. 1865, quickly became leading Midwest grain trader. Across-the-street neighbor John Hugh MacMillan married his daughter 1895, became company president 1909 on Cargill's death. MacMillans remain more active in management. Run by John and John Jr. to 1960; now 4th-generation nephew Whitney MacMillan is chmn. Based near Minneapolis; one of world's biggest grain traders, revenues estimated about $30 billion. Also other foodstuffs (beef, etc.) and steel. Cargill and MacMillan families own 85%; stake worth at least $1.7 billion, of which some $1.5 billion shared equally by 3 branches *(see individual Cargills, MacMillans, Keinath, Pictet).*

Chandler

Los Angeles, et al. The dominant L.A. family; descendants of Harry Chandler, who worked at *Los Angeles Times* 1880s, married owner's daughter, gained control. Built media empire; became one of largest landowners So. Calif. Died 1944, passed Times-Mirror Co. fortune equally among 7 living children. Son Norman (d. 1973) built up company business side 1950s, 1960s. Grandson Otis, 56, made editorial side one of best in U.S. Firm owns 4 other dailies (incl. *Newsday, Denver Post*), 7 magazines, 7 TV stations, cable, book publisher, timber, etc. Fewer than 50 descendants share trusts (22% T-M) worth over $650 million. Excludes 2 surviving children of Harry *(see Harrison Chandler, Ruth Chandler von Platen).*

Coors

Golden, Colo. and various. Descendants of Adolph Coors, German immigrant, built small brewery 1873. Brewery is nation's largest single plant. 2 grandsons, 2 great-grandsons now run company, 5th-largest beer outfit in U.S. Bad press 1970s: antiunion, antiminority, antigay charges; boycotts (Paul Newman switched to Budweiser), but recent eastward expansion appears successful—sales up 21% over 1982. Five family members control all voting shares; over 50 own approximately 70% publicly traded nonvoting shares. Stock down; recently worth $365 million.

Heirs of Gardner Cowles

Des Moines, Minneapolis, et al. Gardner Cowles Sr. bought frail *Des Moines Register* 1903. Eliminated competition, added evening *Tribune*, built quality paper. Son John Sr. (d. 1983) followed suit with *Minneapolis Star*, from 1935. Second son Gardner (Mike) Jr., 81, did ditto with *Look* magazine until wiped out by TV. Third generation competed with one another; lost some papers, profits, unity. 1982: Tried to merge 2 family firms, failed. John Jr., 55, ousted as president; now studies agronomy at U. of Minneso-

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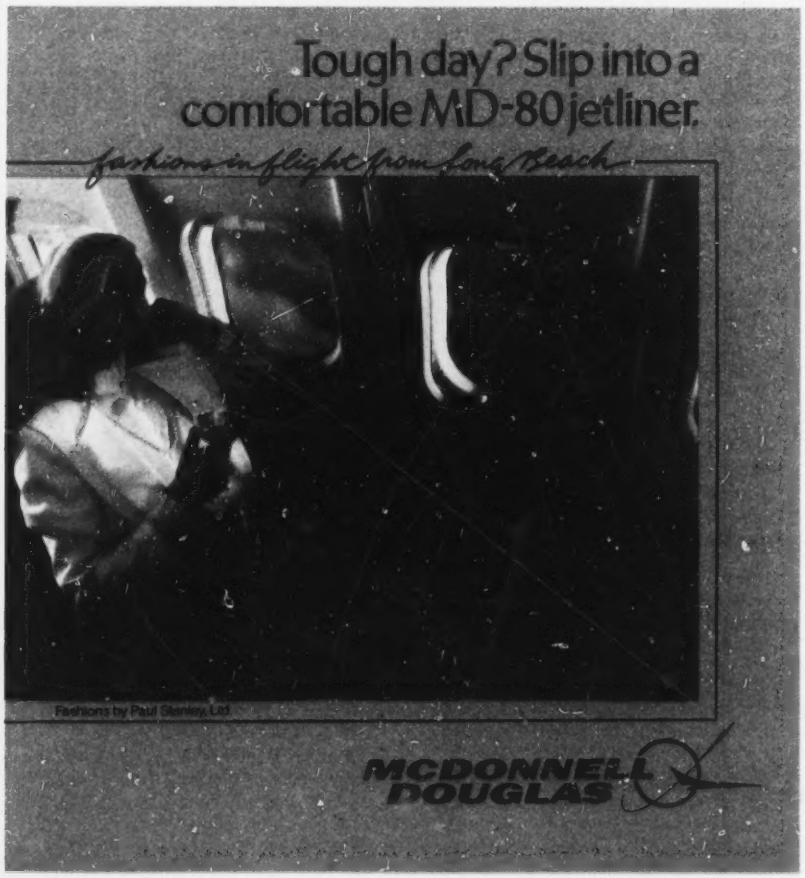
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ta. Founder's grandson David Kruidenier, 63, revamping; earnings up 1983. Today: 6 dailies, 17 weeklies, 2 TV stations, 4 radio. Cowles Broadcasting (public) just sold to Oveta Culp Hobby *(which see)*. Over 70 Cowles descendants worth minimum $375 million.

Heirs of William Cowles

Spokane. William Hutchinson Cowles, young *Chicago Tribune* reporter (father was treasurer) moved west 1891 to new Spokane paper. Sole control of *Spokesman-Review* 1894; bought rival *Chronicle* 1897. William Jr. added Spokane radio 1946, TV 1952. Grandsons: William III, 52, merged papers 1983; brother James, 50, handles vast property. Some 500,000 sq. ft. prime downtown retail space; vast timber, undeveloped land; much well hidden. Also large stake Tribune Co.; big paper mill; farmer magazines. Spokane's *éminences grises* very secretive; even bankers must speculate. Distant cousins to Gardner's heirs *(see above)*, "but try to play it down." Eight descendants (also Seattle, California); worth minimum $200 million, mostly held in trust.

Cullen

Houston. Descendants of Hugh Roy Cullen, legendary wildcatter; hit famed Tom O'Connor field early 1930s (500 million bbl.). Favored strategy: Drill abandoned dry holes deeper, find the oil. Founded Quintana Petroleum 1932. After only son was killed in oilfield accident 1936, Cullen gave away 90% of his $200 million fortune (d. 1957). Three daughters, their families built up immense oil and gas reserves again, mostly Tex., La. Two sons of estranged fourth daughter (d. 1966) suing for major share of fortune; have passive $25 million-a-year interest. Quintana now run by executive committee; no president. Son-in-law Corbin Robertson leader of family with more than 50 members. Net worth at least $2 billion.

Davis

Jacksonville, Fla. and various. Descendants of William Milton Davis, who founded Winn-Dixie Stores predecessor 1925 with $10,000. Four sons (1 deceased) built firm from 1930s, took public. Now 4th-largest supermarket chain with

1,230 outlets in 13 Sunbelt states (many in Florida). Revenues top $7 billion. Resists unionism through generous employee profit-sharing plan (some 56% hold stock). Still largely run by family, with down-home southern style and small stores (avg. 23,800 sq. ft.). James Elsworth, 77, largest Davis shareholder, recently retired chairman; his son A. Dano, 39, is CEO. Over 30 descendants share 37% Winn-Dixie. With insurance holdings, other interests, net worth is over $500 million.

Dayton

Minneapolis. Descendants of George Draper Dayton, banker with new vacant building in downtown Minneapolis 1902, bought dry goods company to have a tenant. Five grandsons, ages 59 to 70, raised on isolated 800-acre farm, taught to cooperate. Took over business (one store) 1950 and followed customers to the suburbs. Dayton's merged with Hudson's (Detroit) 1969; now $6.9 billion Dayton-Hudson chain, 5th-largest nonfood retailer (Target, Mervyns, B. Dalton). Last grandson retired 1983; no family in current management. Lately selling stock; now own roughly 15% of firm with their 16 children. With previous stock sales, reinvestments, family worth over $800 million. *(See also Alida Dayton Rockefeller.)*

de Young

San Francisco, et al. Descendants of Michael H. de Young, who started *San Francisco Chronicle* 1865 with brother Charles. Paper "entertained" public with local scandals, Wild West shoot-outs, mudslinging. Charles shot dead in office 1880 by angry reader. M.H. assumed editorial functions; years later different reader tried to shoot him. De Youngs long feuding with rival Hearsts *(which see)*; now publish joint Sunday edition to save costs. Great-grandson Richard T. Thieriot, 42, family head, publisher from 1977; more mild-mannered than ancestors. Firm owns smaller paper (Ill.), TV stations (incl. KRON-San Francisco), real estate, cable. Fewer than 30 descendants, none with de Young surname, share over $400 million.

Dikeou

Denver; Orlando, Fla. Pronounced D-Q. Father Panayes (Pete; d. 1977) emigrated from Greece 1921, wholesaled popcorn, built candy and tobacco distribution company with brother. At one time owned most vending machines in Denver. Switched to more profitable real estate 1940s. Established family strategy: Buy small parcels well-situated downtown; hold for long run; be last holdouts in land-assemblage deals. Sons John, George and Deno own some 50 parcels (15-plus acres) heavily speckling downtown Denver; building their first skyscraper. With Florida shopping centers, bank, net worth estimated at $250 million.

Disney

Los Angeles area. Heirs of Walter Elias Disney, genius cartoonist who struggled as paperboy, mail sorter, ambulance driver. With brother Roy O. (the business half), borrowed enough to launch Hollywood studio 1923. Conceived Mickey Mouse 1928: "a nice fellow who never does anybody any harm." Walt Disney Productions (films, cartoons, theme parks, etc.) now a world institution. Walt died 1966; widow Lillian, daughters Sharon Lund, Diane Miller (wife of CEO Ron) and 10 grandchildren believed to hold at least 10% of firm, worth over $200 million. *(See also Roy E. Disney.)*

Donnelley

Origin: Chicago. Scattered descendants of Richard R. Donnelley, saddlemaker's apprentice in Canada who ran away to set up print shop Chicago 1864. Rebuilt after Great Fire 1871 by family into R.R. Donnelley & Sons, now largest U.S. printer (for *Time, Newsweek, World Book Encyclopedia*, et al.); 1983 revenues: $1.5 billion. Family still owns 21%. Also Reuben H. Donnelley Co., one of largest publishers of Yellow Pages, sold to Dun & Bradstreet 1961 for $80 million stock. Gaylord, 74, retired chairman and last of third generation, has largest single fortune *(see p. 192)*. All told, some 75 descendants worth at least $650 million.

du Pont

Delaware and various. Descendants of original Pierre Samuel du Pont de Nemours (1739-1817), who made his 2 sons swear over their mother's grave: Remain united forever. Then immigrated with them to America 1800. After 8 generations, with 6 major branches, over 1,700 living members, bond near disintegration. Family still controls about 20% E.I. Du Pont de Nemours & Co., 7% General Motors, others, through Wilmington Trust, Delaware Trust or directly. Family's traditional calling day (New Year's) in Delaware "château country" now requires name tags to identify male relations giving flowers or candy to female relations. Total net worth of all du Ponts: over $10 billion. (Includes 20 family members listed individually, the Laird family and the heirs of Pierre Samuel du Pont.)

Heirs of Pierre Samuel du Pont

Delaware area. The numerous descendants of Pierre Samuel du Pont's (1870-1954) 8 brothers and sisters. Orphaned early, Pierre acted as paterfamilias. Split with other du Pont branches over sale of family explosives company; arranged leveraged buyout with 2 cousins 1902; later bought out one cousin, split with other, took control of E.I. Du Pont de Nemours & Co. 1915. Profited enormously from WWI (sold 45% of explosives used by Allies). Financed, helped engineer turnaround of General Motors 1920s for approximately 23% of stock. Similarly, later, U.S. Rubber. Childless; divided wealth among brothers and sisters, now all deceased; their descendants are today worth at least $9 billion (included in du Pont total above).

Entenmann

Long Island, N.Y. William Entenmann Sr. opened mom-and-pop bakery in Brooklyn 1898. Delivered door-to-door, switched to wholesaling after WWII. By 1978: 14-acre Bay Shore, N.Y. plant; smaller Fla. plant; 500 trucks; public firm run by daughter-in-law Martha, her 3 sons (William Jr. died 1951). Main secret: 45% to 50% of sales dollar into high-quality ingredients. Sold 1978 to Warner-Lambert (since resold to General Foods); family's share was $194 million. "Mrs. E.," 79, retired, but sons William and Robert still active (son Charles

makes polystyrofoam in Miami). Diversified holdings, much in trust, worth at least $200 million.

Firestone

Origin: Akron. Descendants of Harvey Firestone, who in 1900 founded the Firestone Tire & Rubber Co. Delivered first tires to Ford Motor Co. 1906, the start of a friendship (Henry Ford) as well as fortune: Ford was biggest customer. With Pres. Hoover's help, broke British rubber cartel (had hiked price 885% 1920s) with Liberian rubber plantations. Died 1938. His 5 sons (2 survive) ran firm; 4 elected most likely to succeed at Princeton, 5th lost out to a Rockefeller. Harvey Jr. chairman 1946-63 (d. 1973); Raymond 1966-76. Family still owns some 13%. More than 40 descendants (and attorney for unborn heirs) now fighting over $100 million trust. With other trusts, real estate, etc., net worth believed to exceed $200 million despite 1980's fall in Firestone stock.

Fisher (Detroit)

Detroit area; Palm Beach. Seven Fisher brothers left father's Ohio carriage shop to make car bodies in Detroit early 1900s. Fisher Body soon world's leading supplier; pioneered enclosed sedans for year-round use. Sold 60% to General Motors 1919 for $28 million cash; rest for $208 million stock 1926. Lost much in Depression; brothers left key GM spots by 1944. "Body By Fisher" household term; 1984 plan dismembers Fisher division. Founders, all but one widow deceased. Family holding company dissolved 1963; wealth hidden, diversified, most in trusts; shared by 250 descendants, roughly 50 in control. Most visible: Charles III, chairman NBD Bancorp. Total family fortune believed to exceed $300 million.

Fisher (Seattle)

Seattle & environs. Oliver David Fisher, age 10, balanced cash at father's Missouri bank 1885. Moved west with father, 4 brothers; started Seattle lumber firm 1906 to profit from San Francisco earthquake; merged with Weyerhaeuser 1948. With family, others, bought Seattle bank; organized Fisher Flouring Mills 1910; helped found Safeco; radio station 1926; leading area capitalist (d. 1967). Grandson Donald Graham Jr., 61, in charge: 2 TV stations (worth $200 million); radio; flour mill; Seattle real estate; Safeco, Weyerhaeuser stock. Long-term investors; known for "never selling." Avoid attention. Handful control umbrella firm, but some 60 scattered heirs share minimum $275 million.

Garvey

Wichita, et al. Ray Hugh Garvey (d. 1959 car crash) bought half of tiny Kendall Land Co. 1917 for $500 earned from Topeka paper route. Ended partnership early 1920s with 12,500 farmable acres. Bought small gas station chain 1924. During Depression, acquired banks, foreclosed farms. Added oil, grain, real estate, etc. Empire split among 4 children, run as distinct entities by Willard, 64; James, 61; Olivia Lincoln, 58; Ruth Fink, 67. Widow Olive, 91, pillar of Wichita, runs one of state's largest foundations. Family holdings immense: oil and gas, minerals, ranches, farms, grain trading, flour, convenience stores, railcars, shopping centers, nursing homes, office buildings, etc.; worth minimum $500 million.

Gund

Origin: Cleveland. 6 children of George Gund Jr. (d. 1966). He liquidated family brewing company in Prohibition; bought Kaffee Hag (decaffeinated coffee firm) 1919, sold to Kellogg's 1927—now Sanka at General Foods. Bought Cleveland real estate, undervalued securities in Depression. President of Cleveland Trust 1941. Tightfisted. Son Gordon: "We did not know the extent of our wealth until his death." Four sons, 2 daughters include George III, Sun Valley, Idaho financier; Gordon, Princeton, N.J. venture capitalist; Graham, Boston architect, developer. George and Gordon own Cleveland (basketball) Cavaliers, Minnesota (hockey) North Stars, arenas. With Kellogg's, bank stock, family worth well over $300 million.

Haas

San Francisco. Levi Strauss, drawn from Bavaria by Calif. gold rush, offered patented blue jeans 1873; prospered. Walter Haas Sr. married grandniece, ran firm 1928-70. By 1956, sales $30 million, an American institution. Now Levi Strauss & Co. over $2.7 billion sales,

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world's largest apparel manufacturer: one-fifth U.S. jean market. Original double-X-waist overall from 1853 still major seller. Expanding: designer Perry Ellis label, "official" 1984 Olympic outfitter. Family still runs firm. Walter Jr.: "Usually the fourth generation spends its time on sports cars and jet planes. We haven't." Exception: Walter's Oakland (baseball) A's. With nearly 44% Levi Strauss, descendants worth over $400 million.

Harrah

Origin: Reno. William Fisk Harrah ran bingo parlor Venice, Calif. with father 1930s, then Reno 1937; both closed. Bought his first casino in Reno 1946; expanded to Lake Tahoe 1955, pioneered year-round gaming. Bused customers from San Francisco, L.A. Married 6 times (twice to 1st wife). After death (1978), Harrah's sold to Holiday Inns for $300 million. Half of estate in trust for last wife, Verna Harrah Levin, 40, former Harrah's cocktail waitress now remarried to Sun Valley, Idaho doctor. Other half in trust for Harrah's 2 adopted teenage sons from 1st marriage. Value of trusts, Holiday Inns stock, other assets, over $200 million.

Grandchildren of William Randolph Hearst

California, NYC area, et al. Media mogul William Randolph Hearst (1863-1951) had 5 sons; 3 survive *(which see)*. Son John Randolph Sr. d. 1958, leaving 2 sons, 2 daughters by 2 marriages, incl. John Jr., 51, who is active in Hearst Corp., and William II, who lives under assumed name on West Coast. These 4 share 20% of $1.3 billion Hearst trust. Another 20% held by twin children of WRH son George Sr. (d. 1972): George Jr., 57, who ran Los Angeles *Herald-Examiner* 1962-77, then moved to overseeing real estate. Also Phoebe (Mrs. Amory "Jack" Cooke), 57. With husband, led fight to gain control Hearst Corp. from foundations 1974; now a company director.

Hillenbrand

Batesville, Ind., et al. John Hillenbrand, German immigrant woodworker, settled in well-forested southeast Ind. Founded lumber co. 1884, sold early 1900s to specialize in casketmaking; pioneered tight-seal mechanism. Sons added motley lineup: hospital furniture business 1928, American Tourister 1978, Medeco Security Locks 1984. Still leader in caskets (20% to 30% of corpse market), electric hospital beds, high-security locks. 1983 sales $430 million. Founder's son, Daniel, 60, grandson W. August, 43, head firm. Grandson John lost bid for governor 1980. Over 100 relatives share 63% Hillenbrand Industries, worth $240 million.

Hoiles

Santa Ana and Marysville, Calif., et al. Two surviving children (of 4) and 10 grandchildren of Raymond C. Hoiles (1878-1970), founder Freedom Newspapers, Inc. Doctrinaire libertarians: opposed to government services, taxation, labor unions, drug laws, etc. Now 29 papers in 11 states (total circ. over 900,000), plus 4 TV stations. Flagship property still *Santa Ana Register*, from 1935. Founder's son Harry, 68, recently booted from management. Sued 2 other branches in attempt to dissolve assets and distribute. "I'm sure my father would have been on my side." Outcome pending. With minimal debt, fortune is at least $450 million.

Horvitz

Cleveland area; Hollywood, Fla. Three sons and grandchildren of Samuel A. Horvitz, self-made entrepreneur (8th-grade education) who built 3 substantial businesses. Died 1956; trust owns: 5 newspapers, plus cable for 95,000 subscribers (run by son Harry, 64); Cleveland construction firm (Leonard, 61); Florida coast real estate (William, 57). Sold 55 oceanfront acres 1984 for $42 million. Family feud; 1979 lawsuit; in 1982 Harry's 3 children charged trustees with mismanagement. Sons alienated; Harry: "The relationship is strained, but livable." With minor debt, family worth minimum $250 million.

Houghton

Corning, N.Y. Amory Houghton moved small Mass. glassware company to Corning, N.Y. 1868, renamed Corning Glass Works. Produced first bulbs for Thomas Edison 1879; maker innovative glass products ever since: TV tubes, fiberglass with Owens-Illinois, silicones with Dow Chemical; recently fiber optics. Also elegant Steuben glass. Fourth generation Amory, d. 1981, chairman 1941-61, ambassador to France 1957-61. His son Amory Jr., 58, just retired as chairman. Cousin Arthur thought to own largest single stake. Family controls 6.3 million shares Corning Glass worth $400 million.

Kenan

Durham, N.C., Atlanta. Inheritance, real estate. Heirs of Mary Lily Kenan Flagler Bingham (d. 1917), third and surviving wife of Henry Morrison Flagler (d. 1913), Rockefeller partner, developer of Fla. railroad, hotels. Two nephews by marriage of Mary's sister received part of fortune: James Kenan, 74, retired Atlanta attorney; Frank, 72, chairman Flagler Systems (shared with James). Own landmark Breakers Hotel in Palm Beach, other Fla. real estate. Frank also 2 trucking cos., oil, real estate in North Carolina—all begun before inheritance. "I like to do it myself." Brothers' holdings worth at least $200 million.

Kennedy

Origin: Boston. Joseph P. Kennedy bank president at 25, then Wall St. speculator, later ambassador to England. Sold major stocks year before Crash, then shorted for huge gains. After WWII plowed millions into real estate, oil, stocks (d. 1969). Trusts held by widow Rose, 94, and 5 of 9 children, including Senator Edward (President John F., Senator Robert F., Joseph Jr. and Kathleen dead). Also 28 grandchildren, 7 great-grandchildren. Most holdings managed from family's Park Agency Inc. (NYC). Key asset: Merchandise Mart (Chicago). Heirs secretive, heavily watched. Since assassinations, many troubled with legacy: RFK Jr. sentenced for heroin possession March 1984; month later, drugs killed brother David. Minimum net worth $450 million.

Kirby

Origin: Wilkes-Barre, Pa. Onetime bookkeeper Fred M. Kirby (d. 1940) built chain of 96 variety stores;

merged with F.W. Woolworth 1912. Family retains some stock. Son Allan diversified. Backed investor Robert Young in takeover of troubled Alleghany Corp. 1937. After Young's suicide 1958, Kirby emerged from seclusion to run firm. Battled, beat Murchisons *(see Clint)* in 1961-64 proxy fight. Died 1973; his 4 children (Fred M. II patriarch) control firm. Sold subsidiary, IDS, to American Express 1984 for $780 million. With Woolworth, Alleghany, other shares, net worth must exceed $200 million.

Kleberg

King Ranch, Tex. Richard King, Rio Grande steamboat captain, bought Spanish land grants in south Texas 1850s. Robert Kleberg beat him in a lawsuit, then married his daughter. Bob Jr. (d. 1974) gave drilling rights to oil companies 1930s to raise cash. Now 825,000-acre King Ranch; cattle and oil. Annual oil royalties $100 million 1979. Cattle income much less, but Klebergs grow up cowboys, not oilmen. Bob Jr.: "Cattle raising is our business, and it will be our business long after the oil is gone." Developed Santa Gertrudis breed, first cattle native to Western World. Some 60 heirs own, operate; worth over $750 million, excluding R. Shelton and B.K. Johnson *(which see)*.

Laird

Delaware. 5 children and their descendants of Mary Alletta du Pont (d. 1938) and William Winder Laird (d. 1927). Children shared in 1940s distribution of wealth by uncle Pierre Samuel du Pont *(see du Pont family)*. Combined fortune probably exceeds $400 million.

Lilly

Indianapolis, et al. After Civil War, Col. Eli Lilly found work at drugstore, opened chemist's shop downtown Indianapolis 1876 with $1,400. Son Josiah K. Sr., grandsons Eli, J.K. Jr. helped build Eli Lilly and Co. into major drugmaker, over $3 billion sales 1983. Stressed employee relations: "Lilly's doesn't hire you; it adopts you." R&D leader: helped develop first commercial insulin for diabetes 1920s, Salk's polio vaccine 1950s. Many lawsuits, FTC and FDA probes 1970s over DES, Darvon, but pulling through. Heirs very private, charitable: Lilly Endowment (18% of firm) has over $750 million. Two great-grandchildren, up to 10 others, held 10% as late as 1976. If still held, shares worth more than $400 million.

Lykes

Origin: Florida. Descendants of Dr. Howell Tyson Lykes; settled in Florida 1870s, bought land, made fortune raising and shipping cattle to Cuba. To Tampa 1895, branched out with 8 children to other regions, shipping; died 1906. Later family invested in insurance, banks, real estate, citrus; steel 1960s (Lykes Corp. merged with LTV Corp. 1978). Steamship line bought back by family 1982; run from New Orleans. Today own 400,000 acres Florida, including 75% of Glades County; 240,000 Texas. Cuban acreage lost in Castro takeover. Over 200 family members meet annually in Tampa, quietly govern empire worth more than $1.1 billion, not equally divided. Observer: "There are some rich Lykes and some poor Lykes. I'd like to be a poor one."

Mack

NYC and Great Neck, N.Y. Russian immigrant Philip Mack began construction/demolition company at turn of century. Son, H. Bert, with 3 of his 4 sons, created new integrated Mack Co. 1964. Plans, builds, manages property mostly in suburban N.J., Long Island, Tampa. Built N.J. Meadowlands industrial sites 1960s; office developments 1970s (tenants include AT&T, IBM, Xerox). Has 85% equity in 4.5 million sq. ft. office space, 10 million sq. ft. industrial. Planning mixed-use projects; lost bid 1984 to move Minnesota (baseball) Twins to Tampa. Family net worth at least $200 million.

Marriott

Washington, D.C. John (J.) Willard Marriott, poor Mormon, raised sheep, put self through college selling woolen underwear. With wife Alice opened D.C. root beer stand 1927; added Mexican food: She cooked, he served. Grew into Hot Shoppes chain. First hotel 1957. Still chmn. at 84, Alice still v.p.; 2 sons run firm. J. Willard Jr. pres. in 1964, CEO 1972; took Marriott national. Moved into fast food (Roy Rogers), cruise ships, airline catering, amusement parks (divested 1984). Richard handles restaurants. Over $3 billion sales (half from 135 hotels). N.Y. Marriott Marquis (Times Square), firm's biggest yet, due 1985. Family's 22% stake Marriott Corp. worth $430 million.

Mayer

Madison, Wis., et al. Original Oscar Mayer emigrated from Bavaria 1873 at 14; opened sausage shop 1883 in Chicago. Marketing coup: Son Oscar G. conceived first brand-name hot dog 1930s; traded on premium quality, image, price. Oscar G.: "People contended that the wiener didn't merit that kind of treatment. But it did." Sales $1.8 billion 1980, mostly from processed meats. Long ardent family operation, 7 Mayers once on board together; Oscar G. Jr., 70, was CEO 1966-73. Sold to General Foods 1981; family's stake was 47%. Some 300 descendants, in-laws share fortune exceeding $200 million.

McClatchy

Sacramento, Calif., et al. Irish immigrant James McClatchy, hired as reporter for new *Sacramento Bee* 1857; eventually bought by family. Today McClatchy Newspapers owns 2 other *Bees* (Fresno, Modesto), plus 7 smaller papers (total circulation over 500,000); also radio stations, cable. Granddaughter Eleanor took over 1936; used papers to champion liberal causes, became one of West's most powerful women (d. 1980). Her nephews Charles Kenny and James (57, 63) now in charge. Bought ailing *Anchorage Daily News* 1979; still in red. Sold TV stations; expanding cable. C.K. controls; fewer than 15 family members share ownership of firm worth minimum $325 million.

McDonnell

St. Louis. Family of James S. McDonnell Jr. (Mr. Mac), who quit as Glenn L. Miller Co. engineer to found McDonnell Aircraft Corp. 1939. Introduced Phantom 1946; first U.S. jet to take off and land on aircraft carrier. Company bloomed

with post-WWII jet fighters. Merged with Douglas Aircraft 1967, now McDonnell Douglas Corp., nation's second-largest defense contractor and commercial aircraftmaker ($8.1 billion sales). James died 1980; firm now run by 2 sons, nephew; diversifying into computer services. Family controls 15% of firm. Excluding foundations, net worth over $230 million.

McGraw

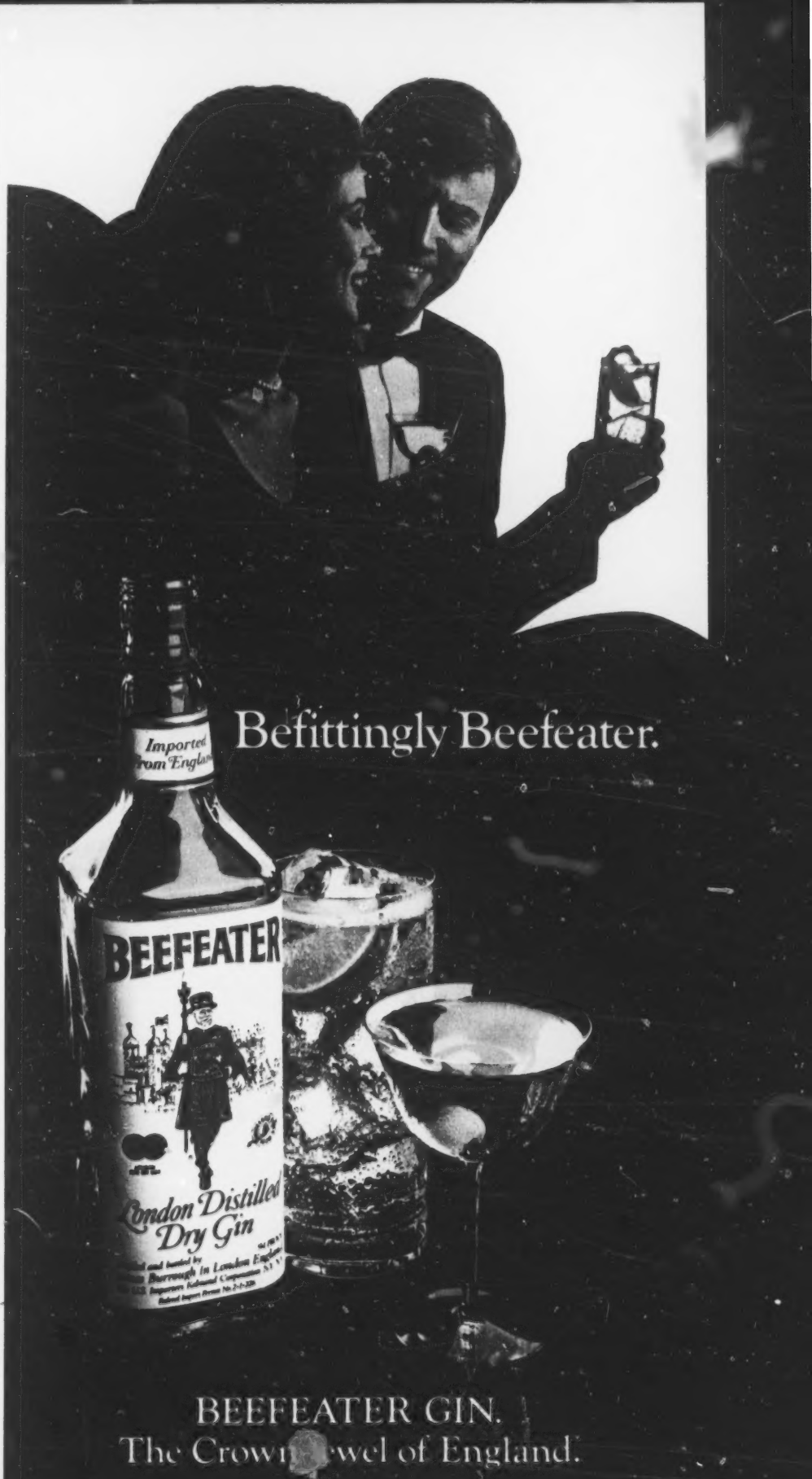
NYC area, et al. Three generations have controlled McGraw-Hill, Inc. since James H. McGraw Sr. got piece of magazine 1880s in lieu of unpaid subscription commissions. *American Journal of Railway Appliances* launched 1882. Now 62 publications (e.g., *Engineering News-Record*), 13 news services, 4 TV stations. Also Standard & Poor's, huge book division, information systems, etc. Revenues $1.3 billion. Current patriarch and chairman Harold Jr., 66; led successful fight against American Express takeover bid 1979. "They thought this was a family company with golf clubs behind the door." About 30 scattered descendants share roughly 20%, worth $475 million.

Moody

Galveston, Tex. Descendants of William Lewis Moody Jr. (1865-1954), cotton broker, founded American National Insurance Co. 1905; 1907 law forcing out non-Texan insurers vast bonanza; 1983 assets $3.4 billion. Built banking, ranching, hotel, etc. empire. (In Depression, Conrad Hilton sold out to Moody under gentleman's agreement, bought back for same price after.) For years dominated Galveston: "The city ought to be named Moodyville." Family long split, recently reconciled. Now 3 principal members control over 70% ANI, Moody National Bank, etc. Net worth well over $350 million.

Mott

Flint, Mich., et al. Widow and descendants of Charles Stewart Mott, who in 1909 sold 49% of wheel and axle manufacturer Weston-Mott Co. to fledgling GM; sold rest 1912; paid entirely in stock. As v.p. ran Detroit end of GM 1917-37. Also chmn. U.S. Sugar Corp. Three-time mayor Flint ("the town that Mott built"). Fourth wife and widow Ruth Rawlings, 83, a distant cous-



Family Fortunes

in. Also 6 children, last sired age 67 (5 survive). Died 1973; much family wealth managed by son Harding from Mott Family Office (MFO) in Flint. Son Stewart black sheep: "a professional philanthropist;" gives to birth control, peace groups. Family's stakes in GM, U.S. Sugar (including sales), Continental Water alone worth over $300 million.

Nordstrom

Seattle. John W. Nordstrom, Swedish immigrant 1888, with $5. Went west as logger and miner, made $13,000 in 1896 Klondike Gold Rush. Opened Wallin and Nordstrom Shoes, Seattle, 1901. Bought out Wallin 1929, turned over to 3 sons 1930. Became largest independent U.S. shoe chain 1963; diversified; went public 1973. Third generation runs 38 stores, a leading specialty apparel retailer (sales over $780 million). Employees all begin on sales floor, incl. family. Grandson Bruce: "There's nothing special about what we do. When the customer talks, we jump." Also 51% Seattle (football) Seahawks. Some 25 relatives share 47% of Nordstrom, Inc., worth $250 million.

O'Connor

Victoria, Tex. Descendants of Thomas O'Connor (d. 1887), who built 500,000-acre, 100,000-head ranching empire in south Texas. Family land holdings include part of Tom O'Connor oilfield, one of most productive in Texas. Numerous descendants still hold empire. Among most private people in state. Family branched into banking (Victoria Bankshares) to have a place to deposit their own money. Great-great-grandson and current patriarch Dennis O'Connor, recently bank chairman, is family leader. Minimum net worth: $750 million.

Ordway

Origin: St. Paul. Minnesota Mining & Manufacturing Co. (3M). Legend: in late 1904, 2 shares = 1 shot cheap whiskey. Lucius P. Ordway, plumbing supply executive, induced to pay 3M's debts 1905, build sandpaper factory. Sunk over $200,000 until 1912 when William McKnight *(see Virginia McKnight Binger)* began upgrading product. First dividend paid 1916. Now $7 billion (sales) industrial giant; maker adhesives, abrasives, office equipment, etc. Grandson John G. Ordway Jr. last family connection (director). Ordway trust (7% of 3M) worth $400 million when distributed 1979 to over 50 descendants.

Pew

Origin: Philadelphia. Joseph Newton Pew Sr. founded Sun Oil Co. 1886; developed early techniques to capture natural gas, pipe it; bought big into legendary Spindletop, Tex. oil strike 1901; died 1912, at his desk. Son J. Howard president 1912-47, last Pew to run firm, came back as chairman 1963-69. Family now far-flung. Great-grandson Andy, 48, president of Sun subsidiary, last Pew in management: "The idea [that the Pews are] some sort of monolith with family meetings is out of storybooks." Over 200 members share some 6% Sun Co., worth $350 million. Does not count $1.8 billion in 7 foundations that vote another 25% Sun Co.

Phipps

Origin: Pittsburgh. Steel pioneer Henry Phipps (1839-1930), Philadelphia cobbler's son, as a child moved to Allegheny, Pa.; neighbor: Andrew Carnegie. When Carnegie sold out to J.P. Morgan 1901, Phipps got $50 million; took stock while Carnegie took bonds. Set up Bessemer Trust 1907, split among 5 children. Now in 5th generation, some 200 members, many New York and Florida; long divided over management of trusts. Family member: "I'm rich because I'm a Phipps, and I suppose if I become poor, it'll be because I'm a Phipps." Vast holdings in securities, real estate, shipping, oil and gas worth over $1.2 billion, excluding stakes of Howard Phipps Jr. and Anne Phipps Sidamon-Eristoff *(which see)*.

Pigott

Seattle. William Pigott Sr. made railcars, equipment for logging industry 1905; formed Pacific Car & Foundry. Sold 1924; sons Paul, William rebought 1934. Built tanks, tugs WWII, then heavy-duty trucks: Kenworth, Peterbilt lines, "the Rolls-Royces of trucking." Now $1.4 billion (sales) PACCAR Inc., 2nd-largest truckmaker with some 20% U.S. market; 15 factories in 5 countries. Dart Truck line sold 1984 to Texas' Davis brothers *(which see)*. Suffers least from recession: all trucks custom built, high quality, high price. Paul's son Charles, 55, is pres.; fewer than 25 Pigotts believed to own at least a third PACCAR. With real estate, lumber prod., timberlands, family's net worth exceeds $300 million.

Pitcairn

Bryn Athyn, Pa., et al. John Pitcairn, devout Scottish immigrant, former telegrapher from Pennsylvania RR, founded glassmaking plant beside Allegheny River 1883. Squabble between partners yielded 2 companies, Pitcairn's PPG Industries and rival Libbey-Owens-Ford. John began adding chemicals, died 1916. Heirs kept equity interest (now 14% stock) in firm, hired others to manage. John helped found Swedenborgian church in Bryn Athyn, son Raymond designed cathedral. Today, 18 grandchildren, 234 other descendants share in family holding firm, Pitcairn Co., worth at least $500 million.

Pulitzer

St. Louis and scattered. Joseph Pulitzer (1847-1911), poor Hungarian immigrant, sometime politician, bought bankrupt *Post-Dispatch* 1878, stressed muckraking: "The crusade was simply the Pulitzer personality in print." Bought *New York World*; became leading U.S. paper, now defunct. With W.R. Hearst, put "yellow journalism" in the language with the Spanish-American War. Founded first journalism grad school, Columbia 1903; also Pulitzer Prize. Company (2 papers, 1 radio station, 7 TV) now run by grandson Joseph Jr., 71. Grandson Peter, 54, recently shook Palm Beach with mucky divorce. Heirs worth minimum $450 million.

Reed

Seattle, et al. Descendants of Sol G. Simpson, who cofounded Simpson Timber predecessor 1890. Was "sleepy lumber co." until after WWII, when grandson William Reed Sr., now 76, began aggressive expansion; added papermaking 1951. Now in fourth generation;

still tightly held (over 90%); run by William Jr., 45. Firm emerged 1980 as "mystery buyer" of nearly 9% Diamond Int'l; sold 1981 for gain. Books show $18 million net profit on $760 million revenues 1983, but timber values understated. Believed to hold at least 150,000 acres redwood, 250,000 other in U.S., Canada. Fewer than 30 descendants share fortune worth well above $300 million. Recently bought out handful of nonfamily shareholders.

Resnick

NYC and Rye, N.Y. Jack, 77, started as small Bronx builder 1928, moved to Manhattan 1950s; bought, held properties. Still runs company; active Jewish charities. Son Burton, 47, is chief operating officer Jack Resnick & Sons, Inc. Own 5 million sq. ft. NYC office space, plus thousands of apartments. Recently completed new Prudential-Bache building at South Street Seaport. Built, sold Florida condos since 1968. Equity easily exceeds $350 million, but have partners, principally Belfers *(see Arthur)*. Share net worth over $250 million. Denied by them.

Richardson

N. Carolina, Connecticut, et al. Lunsford Richardson sank life savings ($8,000) into small Greensboro, N.C. pharmacy, sold 1907 to finance creation: Vicks Vaporub. "I had a vision. I dreamed dreams of a worldwide business." Son H. Smith Sr. (d. 1972) principal builder Vicks Chemical; soared in post-WWI flu epidemic; went public 1925. As Richardson-Merrell Inc. (Cepacol, Bendectin), sold to Dow Chemical 1981; family got $80 million stock, created Richardson-Vicks (Clearasil, NyQuil). Wealth in 5 branches, some 150 members, 5 at business core. Despite vast almsgiving by H. Smith wing, own over 20% R-V, 50% Piedmont Management, other stocks, real estate, worth minimum $250 million.

Heirs of William Rockefeller

Greenwich, Conn., NYC and various. William Rockefeller (1841-1922), genial brother of John D. and cofounder of Standard Oil, ran Standard of N.Y. (now Mobil) until Supreme Court dissolution 1911; owned roughly 12.5% of "Trust," plus much RR, utility stock. Two sons married daughters of James Stillman, head of National City Bank of N.Y. (now Citicorp and family's H.Q.). Two daughters married into other fortunes: McAlpin, Dodge. Still much Greenwich land; stocks (mostly energy-related) conservatively managed, highly decentralized; some directed from family's Indian Rock Corp. (NYC) by great-grandson Andrew Carnegie Rockefeller, 55. Over 75 heirs share over $300 million, most in trusts. Fortune not keeping pace with family growth. Andrew: "They seem to be multiplying pretty fast." *(See also many descendants of John D.)*

Rose

NYC. Rose Associates one of NYC's oldest, largest investment builders of apartments. David, 93, began in Bronx 1920s, later switched to more profitable Manhattan. Now 3 nephews, all brothers and Yale grads, in charge. Chairman Frederick handles construction; President Daniel handles planning, while Elihu manages. Own and/or manage vast residential/commercial properties Manhattan, Boston, Washington, D.C., etc.; many with institutional partners. Keep low profile, well-respected. "They're not flamboyant, they're responsible." Deny having substantial equity base in own properties, but knowledgeable peers say otherwise. Estimated net worth well over $200 million.

Rosenwald

Philadelphia area, NYC, et al. Julius Rosenwald, mail-order sales pioneer, bought out Alvah Roebuck (1895) and Richard Sears (1908). His idea worked: suburban, rural retailing. Firm now largest general merchandise retailer (over $35 billion sales). Family still said to hold much stock, though well hidden, plus many other investments. Son Lessing (d. 1979), former Sears chmn., was one of world's leading art and print collectors. Daughter Edith Stern (d. 1980) fought segregation in South. Son William, 81 (first pres. United Jewish Appeal), now richest member, over 90% American Securities Corp.; controls Ametek. "Old J.R." and dispersed heirs well known for huge philanthropy; their private wealth should far exceed $300 million.

Roush

Origin: Akron, Ohio. Galen J. Roush, lawyer, joined younger brother Carroll in small trucking business during Depression. Careful records helped Roadway Express secure key routes (early 1950s, after 16 years in court). Galen was extremely private: "A whale would never be harpooned if he didn't swim to the surface." Against his wishes, Carroll sold to public 1956, went west to buy his own trucker. Roadway Services now one of biggest freight truckers; sales $1.3 billion. Careful labor management has produced steady profits. Galen died 1976; 2 children (directors), 2 stepchildren share at least 17% Roadway, worth over $200 million.

Schnitzer

Portland, Ore.; Palm Springs. 4 surviving sons of junkman Samuel Schnitzer, who with Harry Wolf built Alaska Junk Co. early 1900s; Oregon Steel Mills. Sons expanded; did well scrapdealing after WWII. Wolfs bought out amid bitterness 1958. Son Leonard, 59, heads Schnitzer Group: steel products ($80 million sales); Lasco Shipping (some 18 Liberian carriers). Also 2 tankers chartered to Texaco; vast property Portland, Seattle, San Francisco area, Guam. Scrap group one of biggest U.S. (60,000 tons/month). Son Harold, 61, quit 1950 to form HARSH Investments (real estate). All shun high debt, high lifestyles. May be Oregon's richest clan; charitable; private. Wealth exceeds $250 million; they deny.

Scripps (E.W.)

Origin: Cincinnati. Populist Edward Wyllis Scripps (1854-1926) launched *Cleveland Press* 1878; grew into once-largest U.S. chain. Family long feuding: E.W. broke early from half-brother James *(see below)*, who formed own firm. Children of E.W. also split: 1 grandson runs separate chain *(see Edward Wyllis Scripps)*, 6 other grandchildren and their offspring own some 88% E.W. Scripps Co. (private), 68% Scripps-Howard Broadcasting (traded). Latter run by minority Howard family (12%);

mostly evening papers. Sold moneylosing *Press* 1980, UPI wire service 1982. Now 15 dailies (circ. 1.5 million), etc.; nonfamily CEO trying turnaround. This scattered branch (40 plus) worth minimum $550 million. Trust dissolves after deaths of 4 eldest grandchildren.

Scripps (J.E.)

Detroit area; La Jolla, Calif., et al. James Edmund Scripps (1835-1906), English immigrant, conceived radical departure from flowery, elitist papers of his time: short, simple stories for working class (the "people's press"). Started *Detroit* (evening) *News* 1873; borrowed much; had family sell farm. Big success; formula used elsewhere. Bitter split from half-brother E.W. *(see above)* early 1900s. Now Evening News Association run by great-grandson Peter Bruce Clark (9 papers, 5 TV stations, 2 radio); heirs own nearly all. Booth Newspapers sold to Newhouse 1976 for $300 million; family's stake 34%. Over 50 descendants share minimum net worth of $400 million.

Scully

Dwight and Buffalo, Ill.; Beatrice, Nebr. Descendants of "Lord" William Scully, moneyed Irish immigrant who traveled through Midwest mid-1800s with small spade to sample soil quality. Acquired nearly 250,000 acres rich farmland ("Scullyland") in Ill., Kans., Nebr., Mo.; leased to hundreds of tenant farmers. Also swampland with oil, La. "Neither lord nor viscount, but a gentleman . . . given title of 'lord' by people of Illinois." Divided estate between 2 sons. Sold Missouri land 1941 to government. Now, 4 grandsons and their children own over 200,000 acres. Family worth could exceed $200 million.

Shapiro

Origin: Boston. 4 Shapiro brothers, Russian immigrants, started Eastern Baking Co., producer ice cream cones 1911. Moved to Baltimore, thinking ice cream more popular in South. Built into Maryland Cup Corp., largest maker cones, straws; also leading producer disposables, paper goods for hospitals, fast-food chains, stadiums. Company closely run from different cities: Baltimore, Chicago, Boston, et al. Sold to Fort Howard Paper Co. 1983. Three family members now Fort Howard directors. Samuel: "Directors don't run a business, professionals do." Family's 50%-plus of firm, shared by 70 members, brought over $240 million aftertax.

Smith

Origin: Chicago. Four Smith brothers bankrolled 2 Swedish toolmakers to cofound Illinois Tool Works 1912. Now tools (under 5% sales) eclipsed by components (43%), nuts, bolts, glue production (27%). Many items sell under 1 cent. Adds up: annual sales $500 million. Into plastics early 1960s with invention of now-ubiquitous plastic 6-pack carrier. Created inventors-only "patent society" to spur innovation: 180 members. Harold, 51, 3rd generation, chairs exec. comm.; also big Ill. Republican fundraiser. Father Harold Sr., 75, his cousin Edward, 75, both directors. Three control family's 28% ITW, also 15% Northern Trust Corp. Worth exceeds $265 million.

Stone

Chicago. Joseph Stone (d. 1936) left Russia about 1890. Pooled $2,300 1926 with sons Norman and Marvin, later Jerome, for forerunner of Stone Container Corp. Sold paper shipping supplies; corrugated containers from 1933. Third-generation CEO Roger, "aggressive," convinced family 1979 not to sell for $120 million to Boise Cascade. "Boise had shaken hands with 3 senior Stones." Stone Container worth 3 times that offer, doubled sales buying some Continental Group operations 1983 for $510 million. Brothers, 6 third generation, children hold stock, other assets, worth at least $200 million.

Stroh

Detroit. 18th-century German brewers; young Bernhard arrived Detroit 1850 with $150; brewed, delivered door-to-door with wheelbarrow. Stroh Brewery grew slowly; survived Prohibition by making ice cream (still does); lately survived cutthroat competition by going national. Great-grandson and CEO Peter, 56, persuaded family to buy F&M Schaefer for roughly $70 million (1980-81), Schlitz for 70%-financed $500 million (1982). "Family sacrifice is one reason we operate successfully." Third-largest brewery: $1.5 billion sales, 10 brands (plus 5 lite), 25 million annual bbls. Still private, closely held; 4 Strohs at top, but nearly 30 control 100%. Counting debt, family worth at least $300 million.

Sulzberger

NYC. Adolph S. Ochs (1858-1935) bought *New York Times* 1896 for $75,000; alternative to era's "yellow journalism" became one of world's most respected newspapers. Strained during 1950s, 1960s: high labor costs, readers' flight to suburbs. Today run by grandson Arthur Ochs (Punch) Sulzberger, 58, who began modernization, diversification 1970s. Paid off: Firm now owns 29 regional papers, 5 magazines, 3 TV stations, 2 radio, book company, cable, etc.; 1983 revenues $1.1 billion. Punch and matriarchal mother Iphigene, 92, preside over trust (to end upon her death) that controls New York Times Co. With stock sales, fortune exceeds $400 million.

Swig

San Francisco. Real estate magnate Ben Swig (d. 1980) operated in Boston while partner Jack Weiler *(see family)* operated NYC; moved to San Francisco 1946; bought commercial property, developed exclusive 4-hotel Fairmont chain (S.F., New Orleans, Dallas, Denver), bought the Weilers' interest 1982. Son Melvyn, 67, heads real estate operations; college hockey player, once owned predecessor of Minnesota North Stars. Son Richard, 59, runs hotels. Cooperative but separate: "Melvyn does his thing, and I do mine." Son-in-law Richard Dinner, 63, comanages vast holdings. These 3 share fortune worth minimum $300 million. Richard: "You're so far off on the facts."

Temple

Diboll, Tex., et al. Thomas Louis Latane Temple Sr. bought 7,000 acres Texas timber 1893. Son Arthur inherited 200,000 acres and debt-ridden company 1934; griped: "What does it profit a man to own

the whole world if he has no money?" By 1973 half-million acres lovingly tended forest, earning $9.6 million a year, run by grandson Arthur Jr. (from 1951). He "integrated forward" by merging with Time Inc., became vice chairman. Time spun off Temple-Inland 1984; Arthur, 64, now chairman T-I; also runs family investment company. Some 20 descendants own roughly 13% Time, 13% T-I, other investments. Despite fall in Time stock, still worth well over $430 million.

Uihlein

Milwaukee, et al. Descendants of 4 Uihlein brothers. August was first to emigrate from Germany 1850; worked in uncle's brewery. Aunt remarried, changed her name; changed co. name to Jos. Schlitz Brewing Co. Brothers took over 1875 on Joseph Schlitz' death. Uihleins held firm closely until 1961 public offering, ran it to 1976. Annual stockholder meetings were like family reunions: 75 of 250 attending 1974 were kin. Schlitz lost top market slot late 1950s, slipped to third 1970s. Sold out to Stroh Brewery *(see family)* 1982; last Uihlein left firm 1983. Some 450 descendants tendered nearly 20 million shares for almost $350 million.

Upjohn

Kalamazoo, Mich. Descendants of Drs. Henry and William Erastus Upjohn: Brothers developed first readily dissolvable pill (allowing accurate dosages). Founded Upjohn Pill & Granule Co. 1886; started R&D lab 1914; oral digitalis tablet for heart therapy 1919; later antibiotics, oral antidiabetes drugs, etc. Hastened penicillin production WWII. Went public 1958; first outside director 1968. Today's Upjohn Co. (makers Motrin, Kaopectate, Unicap vitamins) approaching $2 billion sales; headed by husbands of 2 granddaughters of founder W.E. Over 20 descendants share roughly 30% of stock, worth $500 million.

Weiler

NYC. Jack Weiler, 79, operated in New York while late partner, cousin, Ben Swig *(see family)* handled Boston, then San Francisco. Top lease locater, broker for big retail chains 1940s, 1950s. Acquired commercial properties mostly NYC; also Houston, Cincinnati, etc. Former chmn. United Jewish Appeal; now reportedly spends most of time with charities. Son Alan serves as company attorney; son-in-law Robert Arnow most visible member otherwise reticent family. Half-interest Fairmont Hotels sold to Swigs 1982 for estimated $150 million; still share other properties. Three share fortune worth over $350 million.

Weyerhaeuser

St. Paul, Seattle, et al. Frederick (1834-1914) emigrated from Germany age 18. Sawmill where he worked went bust 1858; he took over. Became leading timber baron; cut swath from St. Paul to Pacific. Bought 900,000 acres 1900 from RR magnate James J. Hill for $6 an acre: "The only times I ever lost money were when I didn't buy." Tangled with preservation-minded Teddy Roosevelt; targeted by muckrakers. Family still owns about 10% Weyerhaeuser Co.; great-grandson George is CEO. Also 33% Potlatch, 11% Comshare, banking, many private firms. Some 200 descendants share at least $650 million.

Whittenburg

Amarillo, Tex. Descendants of sod farmer James A. Whittenburg (d. 1920), whose son George homesteaded Panhandle ranch 1898. Now 40,000 acres, 250,000 more in N.M., 40,000 in Colo.; ranching, oil and gas under much of it. Complains senior family member Samuel: "It's always questionable whether you will make any money or whether you will be in business next year." Once owned all major Amarillo media, sold by 1972 for over $50 million. Fragmented; over 200 family members share fortune exceeding $250 million.

Whittier

Southern California. Descendants of Mericos H. Whittier, oilman, cofounder (1911) Belridge Oil; pres. until his death 1925. Company sold to Shell Oil 1979 for $3.6 billion, at time largest takeover ever. Family received $675 million; $200 million-plus to taxes, remainder to 4 children, grandchildren, et al. Extremely private. Considerable other holdings, including M.H. Whittier Co., family oil company. Net worth exceeds $600 million.

Wirtz

Chicago. Arthur M. Wirtz (King Arthur to friends) began buying Chicago real estate 1920s. Eye for Depression bargains; feared mortgages. With grain speculator Jim Norris (d. 1966), owned many teams, promoted over 50 championship boxing bouts; sports empire busted in antitrust suit 1957. Died 1983; 2 sons, 2 daughters share banks, liquor distributorships, 52% Chicago (hockey) Black Hawks, 30% (basketball) Bulls, over 50 residential buildings, farm, hotel, stables, more. Son William, 54, is patriarch Wirtz Corp.; calls estimated minimum $350 million fortune "absolutely ridiculous."

Wolfe

Columbus, Ohio and Calif. 14 descendants of brothers Robert F. and Harry P., builders of 19th-century fortune based on Wear-U-Well shoes. Long since diversified into newspaper (bought *Columbus Dispatch* 1905), TV and radio stations, investment banking, farmland. Politically influential; one of Ohio's most powerful families ("a bastion of Republicanism"). Grandson Edgar was *Dispatch* publisher; died in plane crash 1975. Founders' grandsons John W. and John F. (cousins) are patriarchs today. Total family worth minimum $300 million.

Wolfson

Miami Beach. Descendants of Mitchell Sr., founder of Wometco Enterprises 1925 with one movie theater downtown Miami. Expanded steadily: "People go to the movies even in recessions." Florida's first TV station 1949. By 1984, 6 TV stations, 1 radio, 85 cinema screens. Also, cable, real estate, soft drink bottlers, vending machines, videogames—from Alaska to Caribbean. Mitchell Sr. died 1983. Mitchell Jr. (consummate interest in arts, lives like "Medici prince") and other family uninterested in taking over business. Recent $1 billion buyout netted family $230 million. Also Mitchell Sr.'s stock, worth $50 million, given to charity.

Dropouts

No longer among The Forbes Four Hundred

Forty-four individuals leave The Forbes Four Hundred this year. Of the superrich emeriti, 6 died, 11 suffered financial setbacks, 6 had fortunes that were reallocated for various reasons and 2 were removed as a result of further research. The other 19 simply did not keep pace with a rising cutoff ($150 million).

Died:

Clark, Emory T. Elm Grove, Wis. Estimated $220 million fortune 1983 (Clark Oil & Refining). Died of cancer Feb. 27, 1984, age 78. Survived by 2 daughters, 3 sons, a brother, 24 grandchildren and 19 great-grandchildren. He and wife Helen were divorced. After estate taxes, wealth of Clark's descendants could easily exceed $150 million.

Goodan, Alice May Chandler. Los Angeles. Estimated $125 million fortune 1983 (Times Mirror Co. inheritance). Died May 26, 1984, age 91. Survived by 2 sons, 2 daughters, 13 grandchildren and 7 great-grandchildren. *(See Chandler family, p. 168; also Harrison Gray Chandler, Ruth Chandler von Platen, p. 146.)*

Kroc, Raymond Albert. La Jolla, Calif. and Chicago. Estimated $450 million fortune 1983 (McDonald's Corp.). Died of heart failure Jan. 14, 1984, age 81. Survived by wife Joan Kroc *(see p. 90)*, a stepdaughter, 4 granddaughters, a brother and a sister.

Stein, Doris Jones. Beverly Hills. Estimated $135 million fortune 1983 (MCA, Inc. inheritance). Died after a brief illness Apr. 7, 1984, age 82. Survived by 1 daughter, 2 sons by a first marriage, 10 grandchildren and 13 great-grandchildren. Second husband Jules Stein (d. 1981) founded MCA. At least one-third of Doris' estate will reportedly go to charity, the rest to descendants.

Thouron, Esther Driver du Pont. Unionville, Pa. Estimated $250 million fortune 1983 (Du Pont Co. inheritance). Died following a stroke Mar. 14, 1984, age 76. Survived by second husband John, a stepson, a brother, a half-brother and 2 sisters. *(See siblings Pierre Samuel du Pont III, Willis Harrington du Pont, Mary Belin du Pont Faulkner and Edith du Pont Pearson, p. 120; also other du Pont dropouts.)*

Wallace, Lila Acheson. Mt. Kisco, N.Y. Estimated $250 million fortune 1983 (Reader's Digest). Died of heart failure May 8, 1984, age 94. No immediate survivors; husband and magazine cofounder DeWitt died 1981. Wealth and voting stock has passed to a charitable trust.

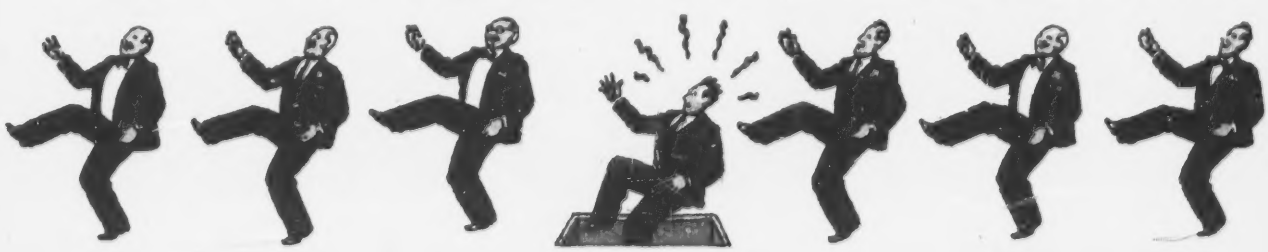
Declined:

Frost, Phillip. Miami. Age 47. Estimated $150 million fortune 1983 (Key Pharmaceuticals, Inc.). Sales and earnings at Key are at record levels, but stock down from last year's high. Frost's fortune is approximately $100 million.

Haas, Peter E. San Francisco. Age 64. Estimated $141 million fortune 1983 (Levi Strauss & Co.). Slower demand for jeans, cost increases and consolidation expenses, including plant closings, have pushed down company earnings. Stock price (and family fortune) has slipped nearly 50% since last year. *(See Haas family, p. 175; also brother Walter, below.)*

Haas, Walter A. Jr. San Francisco. Age 68. Estimated $155 million fortune 1983 (Levi Strauss & Co.). Today stock worth just over half that amount. *(See brother Peter, above.)*

Nielson, Glenn E. Cody, Wyo. and



Dropouts

Salt Lake City. Age 80. Estimated $125 million fortune 1983 (oil). Sold much land at below-market prices to Mormon-related RLDS church; some recent business ventures not doing well. Current net worth is below $100 million.

Noyce, Robert N. Los Altos, Calif. Age 56. Estimated $155 million fortune 1983 (Intel Corp., Diasonics, Inc. and other investments). Intel stock is down slightly from last year, but Noyce took a $40 million drop in Diasonics. *(See also Arthur Rock, below.)* Noyce's visible net worth now just shy of $110 million.

Pontikes, Kenneth Nicholas. Barrington, Ill. Age 44. Estimated $220 million fortune 1983 (Comdisco, Inc.). Company earnings were hurt this year by an IRS investigation (and temporary halt) of tax-advantaged lease transactions. With stock price low, Pontikes recently worth around $75 million.

Pulte, William J. Detroit. Age 52. Estimated $235 million fortune 1983 (Pulte Home Corp.). Escalating mortgage rates have hurt his home-building company; his stock has dropped nearly 50% since last year.

Rock, Arthur. San Francisco. Age 58. Estimated $160 million fortune 1983 (venture capital). Fortune down nearly $50 million from Diasonics, Inc. alone. Altogether, value of visible public stockholdings has dropped more than 50%. Evidence of additional holdings too unclear to warrant inclusion this year.

Rogers, Richard Raymond. Dallas. Age 41. Estimated $252 million fortune 1983 (Mary Kay Cosmetics, Inc.). Controls stock for immediate family (including mother and founder Mary Kay Ash), recently worth about $100 million. Direct selling slowing, company earnings squeezed by heightened competition and downturn in recruitment of new sales personnel.

Tandon, Sirjang Lal. Chatsworth, Calif. Age 42. Estimated $150 million fortune 1983 (Tandon Corp.). Weakened profitability has helped lower the value of the company's stock. His stock fortune down nearly 65% since last year.

Turner, Tom E. San Antonio. Age 70. Estimated $150 million fortune 1983 (Sigmor Corp.). Value of Diamond Shamrock stock down; net worth still exceeds $100 million.

Left behind:

Cooke, Phoebe Hearst. Woodside, Calif. Age 57. Estimated $125 million fortune 1983 (media inheritance). Estimated value of Hearst Corp. has not risen enough to keep her among The Forbes Four Hundred. *(See Hearst grandchildren, p. 176, uncles William, Randolph and David Hearst, p. 114; also twin brother George Randolph Hearst Jr., below.)*

Davis, James Elsworth. Jacksonville, Fla. Age 77. Estimated $135 million fortune 1983 (Winn-Dixie Stores, Inc.). Value of visible stockholdings (Winn-Dixie, American Heritage Life) and private ranching interests suggest fortune may not be keeping up with The Forbes Four Hundred. *(See Davis family, p. 170.)*

du Pont, Evelyn Rebecca. Residence unknown. Age 59. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No evidence her trusts have increased in value to $150 million. *(See siblings John Eleuthère du Pont, Jean Ellen du Pont Sheehan, William du Pont III, also other du Pont dropouts.)*

du Pont, John Eleuthère. Newtown Square, Pa. Age 45. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No evidence his trusts have kept pace with The Forbes Four Hundred. *(See also siblings Evelyn Rebecca du Pont, Jean Ellen du Pont Sheehan, William du Pont III and other du Pont dropouts.)*

du Pont, William III. El Paso, Tex. Age 32. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No evidence his trusts have increased in value to warrant inclusion. *(See also siblings Evelyn Rebecca du Pont, John Eleuthère du Pont, Jean Ellen du Pont Sheehan and other du Pont dropouts.)*

Grainger, David William. Skokie, Ill. Age 56. Estimated $135 million fortune 1983 (W.W. Grainger, Inc.). His control of family fortune reduced by breakup of trusts, redistribution to self, sister and both their families. His immediate family's visible fortune now shy of $120 million.

Greenberg, Maurice Raymond. NYC. Age 59. Estimated $125 million fortune 1983 (American International Group, Inc.). Stock value did not keep pace with The Forbes Four Hundred.

Groves, Franklin Nelson. Wayzata, Minn. Age 53. Estimated $140 million fortune 1983 (construction). Slow growth, reports of weakened profitability for S.J. Groves & Sons. Even with horse operations, other assets, visible net worth is below this year's cutoff.

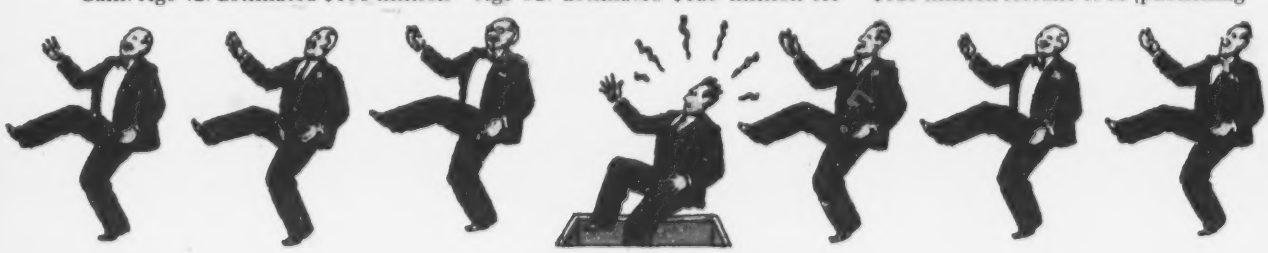
Hall, Evelyn Annenberg. Palm Beach. Age 72. Estimated $125 million 1983 (publishing inheritance). With 4 Annenberg sisters *(which see)* and families of 2 deceased, shares roughly 65% of privately held Triangle Publications. Value of company not high enough to warrant inclusion of each sibling. *(See also Walter Hubert Annenberg, p. 98.)*

Haupt, Enid Annenberg. NYC. Age 78. Estimated $125 million fortune 1983 (publishing inheritance). *(See sister Evelyn Annenberg Hall, above.)*

Hazen, Lita Annenberg. NYC and Los Angeles. Age 74. Estimated $125 million fortune 1983 (publishing inheritance). *(See sister Evelyn Annenberg Hall, above.)*

Hearst, George Randolph Jr. Los Angeles. Age 57. Estimated $125 million fortune 1983 (media inheritance). Estimated value of Hearst Corp. has not risen enough to keep him among The Forbes Four Hundred. *(See Hearst grandchildren, p. 176, uncles William, Randolph and David Hearst, p. 114; also twin sister Phoebe Hearst Cooke, above.)*

Hooker, Jeanette Annenberg. NYC and Palm Beach. Age 79. Estimated $125 million fortune 1983 (publishing



inheritance). *(See sister Evelyn Annenberg Hall.)*

Jordan, Thomas. Healdsburg, Calif. Age 49. Estimated $125 million fortune 1983 (oil, wine). Weak oil prices, lack of visible and significant new business activity suggests net worth has not risen and may have dropped. Jordan: "Why don't you take me off the list and give somebody else a turn?"

Lunger, Mary Jane du Pont. Wilmington, Del. Age 68. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No evidence trusts have increased enough in value to warrant increase in fortune to $150 million. *(See also other du Ponts.)*

Ross, Wilhelmina du Pont. Montchanin, Del. Age 78. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No evidence trusts have kept pace with a rising Forbes Four Hundred. *(See also other du Ponts.)*

Scurlock, Eddy Clark. Houston. Age 79. Estimated $125 million fortune 1983 (oil). Weak oil business does not suggest increase in Scurlock's net worth.

Sheehan, Jean Ellen du Pont. Coral Gables, Fla. Age 61. Estimated $125 million fortune 1983 (Du Pont Co. inheritance). No indication trusts have risen sufficiently in value to warrant inclusion. *(See siblings Evelyn Rebecca du Pont, John Eleuthère du Pont, William du Pont III, also other du Pont dropouts.)*

Simon, Esther Annenberg. NYC. Age 82. Estimated $125 million fortune 1983 (publishing inheritance). No change in estimated net worth. *(For details, see sister Evelyn Annenberg Hall.)*

Realigned:

Corrigan, Leo F. Jr. Dallas. Age 59. Estimated $150 million fortune 1983 (real estate inheritance). Corrigan has recently split properties with his sister, Louise Jordan, who, with her husband, operates separately.

Goldman, Sylvan Nathan. Oklahoma City. Age 85. Estimated $200 million fortune 1983 (supermarkets, real estate). New evidence indicates the shopping cart inventor has passed control of the Goldman empire to his sons, and that it's a much larger fortune. *(See sons Alfred Dreyfus and Monte Henry, p. 128.)*

Hubbard, Stanley E. Bal Harbour, Fla. Age 87. Estimated $175 million fortune 1983 (broadcasting). He suffered a serious stroke in 1981. Evidence indicates control now rests more firmly with son Stanley Stub Hubbard *(see p. 138)*, president of Hubbard Broadcasting, Inc.

Hunt, Haroldson Lafayette III. Dallas. Age 67. Estimated $400 million fortune 1983 (oil inheritance). Declared legally incompetent because of mental illness. New evidence suggests his trusts controlled by sister Margaret Hunt Hill *(see p. 77)*.

Marriott, John Willard Sr. Washington, D.C. Age 84. Estimated $373 million fortune 1983 (Marriott Corp.). The fortune has been reallocated to include both sons. None now qualifies individually for The Forbes Four Hundred. *(See Marriott family, p. 178.)*

Reed, William Garrard Sr. Seattle. Age 76. Estimated $300 million fortune 1983 (timber). It has been determined that no one person controls a majority of the stock of Simpson Timber. *(See Reed family, p. 180.)*

Removed:

Hope, Leslie Townes. N. Hollywood and Palm Springs. Age 81. Estimated $200 million fortune 1983 (comedy, real estate). The "celebrity inflation" factor at work *(see story, p. 34)*. Bob's response to being ejected: "Attaboy! I appreciate that."

Jones, Arthur. Ocala, Fla. Age 60s. Estimated $125 million fortune 1983 (fitness equipment). Error in valuation of his privately held company discovered during 1984 review.

Companies are making big plans in San Antonio.
For an Executive Summary and more information, contact
Stephanie A. Coleman, President, San Antonio Economic Development Foundation
P.O. Box 1628, San Antonio, Texas 78296 (512) 226-1394

Near Misses

No cigar

The individuals listed below just missed being included in The Forbes Four Hundred this year. All are more than centimillionaires. Perhaps next year, with a little diligence and application . . .

Patrick George Ryan. Insurance. Kenilworth, Ill. 47. Married, 3 sons. "Pat," son of Milwaukee Ford dealer, began Pat Ryan & Associates 1964. Inspiration: Have car dealers package insurance with financing, for commissions from Ryan. Firm's sales more than $200 million when acquired by friend W. Clement Stone's languishing Combined International Corp. 1982. Ryan swapped 55% Ryan for 12% Combined, became CEO. First move: Bought smaller Chicago insurance co., Rollins Burdick Hunter. In first year, profits up 34%, to $110 million, on record $1.2 billion revenues. Emphasizing low-cost health insurance. His stock up; with dividends, worth at least $140 million. "I believe in positive mental attitude."

George Waldo Woodruff. Coca-Cola. Atlanta. 89. Widowed, 3 children. Son of Ernest Woodruff, who in 1919 built syndicate to buy Coca-Cola for $25 million. Brother Robert *(see p. 120)* ran Coke for over 30 years. George chairman Continental Gin Co. from 1934 until Fulton Cotton Mills acquired 1959. Still on Coke board, director emeritus Trust Co. of Georgia. Avid golfer until 1980 stroke. Neighbor to Robert, sometimes breakfast together. Coke stock worth $110 million. With long dividend history (now over $5 million per year), net worth shy of $135 million.

Mervin Gilbert Morris. Retailing. Atherton, Calif. 63. Married, 3 sons, 1 daughter. Father had small retail store in Delano, Calif.; Merv opened own in San Lorenzo 1949 with $25,000. Added another 1962; only 4 units by 1968, but rapid growth after going public as Mervyns 1971: soft goods; nothing unique, just extremely well managed. "We were like the perennial-champion Green Bay Packers—we blocked and tackled better." Merged $330 million sales chain (42 units in Calif., Nevada) with Dayton-Hudson Corp. 1978; family's 35% stake brought around $100 million in D-H stock; much since sold. Philanthropic, invests in car dealerships, real estate, some venture capital. Son Jeffrey heads Morris Management, family investment company. Merv: "I'm not retired by any means; I'm just re-potted." Controls family fortune worth over $125 million.

Andrew Francis Kay. Kaypro Corp. Del Mar, Calif. 65. Married; 2 sons, 2 daughters. Shortened name from Kopischiansky. MIT wrestler, engineer. Considered med school but couldn't wait to work. Started Non-Linear Systems 1952, maker electronic products for aerospace; conceived digital voltmeter. Introduced low-cost portable computer 1982, aimed at small businesses. Now Kaypro, a leading producer personal computers: $125 million projected sales 1984; over 150,000 machines sold. Went public 1983. With sudden growth, some critics foresee another Osborne. Kay: "They don't know what the hell they're talking about. We're making money." Tight operation: Kay still likes to interview every new staff member. Immediate family's 85% worth is about $125 million.

Francis Walter Winn. Computer Language Research. Dallas. 66. Married; 2 sons, 1 daughter. Research v.p. for oil equipment firm; developed compiler program allowing English-like commands, launched CLR 1964 with $25,000. Teenage son used compiler, wrote program to prepare tax return. CLR now leading computer processor high-bracket tax forms. Laser-printed 900,000 returns 1983; $85 million sales; "The Cadillac of the industry" has approx. 70% of Big Eight's business. "Every time they [Congress] simplify tax laws, things get more complex." Big threat is flat-tax proposals. Went public 1983. Son Stephen, 38, CEO; but father controls family's 83%. Worth about $125 million.

Gaylord Donnelley. Printing, inheritance. Libertyville, Ill. 74. Married, 3 children. Grandfather Richard R. Donnelley built small print shop into R.R. Donnelley & Sons; today largest U.S. commercial printer (for *Time, Newsweek*, other magazines, books, encyclopedias, etc.). Gaylord joined after college 1932; returned after WWII with Purple Heart; president 1952; chairman 1964; recently made honorary director ("I believe in turnover"). Busy with investments, charities, civic affairs: "I'm gonna keep running as long as I can. I'm a man of many maladies, none of which have proved fatal yet." Sole survivor third generation, wealthiest individual Donnelley *(see family, p. 174)*. With stock in R.R. Donnelley, Dun & Bradstreet, various other investments, net worth at least $125 million.

Richard Chesley Pruet. Oil. El Dorado, Ark. 69. Married, 2 daughters. "Chesley" left family's Texas cattle ranch for oil work; was "swamper, roughneck and switcher" for H.L. Hunt. Formed partnership 1946, among first to drill Miss. and Ala. Bought out partners by 1961. Unusual strategy through 1974: Every few years sold oil production, put proceeds in trust for daughters, but kept 14 portable rigs (5 now in partnership), began anew: "I never wanted to have a large organization." Has 6,000-acre cattle ranch; plays bridge daily (12 to 2 p.m.). Says of pal C. Murphy *(see p. 147)*: "He's supremely intelligent and understands oil as well as anybody I know. He's a tireless worker." Active Republican. With trusts, rigs, current reserves, controls family fortune worth maybe $125 million.

Acknowledgments

When somebody is worth over $150 million, somebody else is likely to know about it. The Forbes Four Hundred would not have been possible without the help and cooperation of thousands of sources. Below, we gratefully acknowledge numerous sources, nationwide, that were especially helpful in hunting down or helping to value the country's richest citizens. In addition, our thanks to the hundreds who insisted upon anonymity—mainly bankers, lawyers, former executives and financial advisers of one kind or another.

David Adler, publisher, *Washington Dossier*, Washington, D.C.
Advertising Age magazine, Chicago
Harry Anderson, assistant business editor, *Los Angeles Times*
Fernand Audette, publisher, *Florida Horse*, Ocala, Fla.
Brux Austin, editor, *Texas Business* magazine
Marty Baron, business editor, *Los Angeles Times*
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Eleanor Breitmeyer, society editor, *Detroit News*
David Brewster, publisher, *The Weekly*, Seattle
Broadcasting/Cable Yearbook, Washington, D.C.
R.W. Byram & Co., oil publications, Austin
Diane Clark, society editor, *San Diego Union*
Jay Clemens, Turtledove Clemens, Inc., Portland, Ore.
Tom Clephane, timber analyst, Morgan Stanley, NYC
Keith Crain, Crain Communications, Detroit
David Crews, executive director, Create, Inc., Tupelo, Miss.
Bud Dahl, Loyal Realty, Seattle
Steve Dunphy, business editor, *Seattle Times*
Economic Information Systems, Inc., NYC
"Butch" Edgar, R.G. Edgar & Associates, Grosse Pointe, Mich.
Rick Edmonds, editor, *Florida Trend* magazine
Laura Eliot, staff writer, *Washingtonian* magazine
Richard Feigen, art dealer, NYC
Jane Ferguson, editor, *San Francisco Business Journal*
Jeff Foisie, staff writer, *Broadcasting* magazine, NYC bureau
Folio: 400 magazine, New Canaan, Conn.
The Foundation Directory, The Foundation Center, NYC
Gail Freedman, assistant editor, *Washingtonian* magazine
Larry Gershman, MGM/UA Entertainment Group, Los Angeles
Martha Gottfried, Martha Gottfried Real Estate, Palm Beach
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Leroy Keller, newspaper consultant, NYC
Lynn Kettleson, business editor, *Boston Herald*
Jerry Knight, deputy business editor, *Washington Post*
Jim Kobak, magazine consultant, Darien, Conn.
Nancy Kool, senior editor, *Monthly Detroit* magazine
Chris Kraul, editor, *San Diego Business Journal*
Dick Krisler, media broker and consultant, Cincinnati
Mike Langberg, business writer, Fort Lauderdale *Sun-Sentinel*
Marj Levin, society writer, *Detroit Free Press*
Phil Lukin, editor, Palm Beach *Social-Pictorial*
E. Kimbark MacColl, historian, Portland, Ore.
Douglas Manship, publisher, Baton Rouge *Advocate/State Times*
Lisa McCormick, society reporter, *Washington Times*
George Merry, *Christian Science Monitor*, Boston
Geoff Miller, editor, *Los Angeles* magazine
Ronald Muraro, economist, U. of Florida, Gainesville
Norma Nathan, "The Eye," *Boston Herald*
Ken Noble, publishing analyst, Paine Webber, NYC
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Tom Polsky, pres., Cathay Counsellor's Group, Beaverton, Ore.
Bert Pucci, publisher, *Los Angeles* magazine
Real Estate Data, Inc., NYC
Bill Regardie, exec. editor, *Regardie's*, Washington, D.C.
Gerald Reilly, media consultant, Greenwich, Conn.
"Zeke" Robbins, v.p. investments, Dain, Bosworth, Seattle
Gary Boyd Roberts, New England Hist. Genealogical Soc., Boston
John Robinson, society writer, *Boston Globe*
Art Rockwell, MGM/UA Entertainment Group, Los Angeles
Peter Rosenthal, senior v.p., Howard J. Rubenstein Assoc., NYC
Ken Ross, business editor, *Detroit News*
Dan Rottenberg, editor, *Welcomemat*, Philadelphia
James Russell, business editor, *Miami Herald*
Russell Sadler, political columnist, Portland, Ore.
Terry Sarver, title officer, Transamerica Title, Spokane
Ed Self, publisher, *San Diego* magazine
Josette Sheeran, ass't. managing editor, *Washington Times*
Phil Shook, business editor, *Birmingham* (Ala.) *News*
Hershel Sinay, publisher, *California Business* magazine
Joel Singer, economist, Calif. Assoc. of Realtors, Los Angeles
Spectrum 5, Computer Directions Advisors, Inc., NYC
Robert Stafford, Pacific Asset Management, San Francisco
Standard & Poor's Corp., NYC
Howard Stark, media broker and consultant, NYC
Vicki Stavig, associate editor, *Corporate Report*, Minneapolis
Pat Steger, society editor, San Francisco *Chronicle*
Jan Terranna, columnist, Palm Beach *Social-Pictorial*
Jan Tidrick, owner Pasco Rentals, Pasco, Wash. (former mayor)
Larry Walker, publisher, *Oregon Business* magazine
Donald White, business editor, San Francisco *Chronicle*
Elizabeth Whitney, business editor, *St. Petersburg Times*
Terence York, building analyst, Drexel Burnham Lambert, NYC
Michael Zeigler, Rochester (N.Y.) *Democrat and Chronicle*

Newspaper libraries:
Boston Globe
Boston Herald
Detroit Free Press
Detroit News
Los Angeles Times
Miami Herald
Oregonian
San Diego Union
San Francisco *Chronicle*
San Francisco *Examiner*
Seattle Post-Intelligencer
Seattle Times
Tampa Tribune
Washington Post

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	Page	Residence	Age	Worth ($ mil)	Primary sources
Adams, Kenneth Stanley Jr.	148	Houston	61	$ 160	Entrepreneur
Albertson, Joseph A.	130	Boise, Idaho	78	200	Albertson's Inc.
Alkek, Albert B.	112	Victoria, Tex.	73	300	Oil
Allbritton, Joe Lewis	100	Houston; Wash., D.C., et al.	59	400	Broadcasting, publishing, bnkg
Allen, Charles Jr.	140	NYC	81	183*	Stock market, real estate
Allen, Herbert	140	NYC	76	183*	Stock market, real estate
Allen, Herbert Anthony	140	NYC	44	183*	Stock market, real estate
Anderson, Robert Orville	101	Roswell, N.M.	67	400	Oil, land
Annenberg, Walter Hubert	98	Wynnewood, Pa.; Palm Springs	76	450	Publishing
Anschutz, Philip F.	78	Denver	44	1,000	Inheritance, oil and gas
Ansin, Edmund Newton ★	138	North Miami	48	185†	Broadcasting
Anthony, Barbara Cox	82	Honolulu	61	700*	Inheritance (Cox Enterprises)
Appleton, Arthur Ivar ★	134	Chicago, Miami Beach	68	200	Electronics
Arison, Ted	118	Miami Beach	60	250	Shipping
Autry, Orvon Gene	151	Los Angeles, Palm Springs	77	150	Broadcasting, real estate
Avery, Alice O'Neill	133	West Los Angeles	67	200*	Inheritance (real estate)
Bancroft, Bettina	150	Los Angeles	43	150*	Inheritance (Dow Jones)
Bancroft, Christopher	150	Denton, Tex.	33	150*	Inheritance (Dow Jones)
Bancroft, Hugh III	150	Newport Beach, Calif.	35	150*	Inheritance (Dow Jones)
Bass, Edward Perry	86	Fort Worth	39	600*	Oil, investments
Bass, Lee Marshall	86	Fort Worth	28	600*	Oil, investments
Bass, Perry Richardson	86	Fort Worth	69	600*	Oil, investments
Bass, Robert Muse	86	Fort Worth	36	600*	Oil, investments
Bass, Sid Richardson	86	Fort Worth	42	600*	Oil, investments
Batten, Frank	154	Virginia Beach, Va.	57	150	Publishing, broadcasting
Beal, Carlton	112	Midland, Tex.	68	300	Oil
Bechtel, Stephen Davison Sr.	86	San Francisco	84	600*	Engineering, construction
Bechtel, Stephen Davison Jr.	86	San Francisco	59	600*	Engineering, construction
Belfer, Arthur Bejer	88	NYC	77	550†	Oil, real estate
Belk family	168	Charlotte, N.C.	—	300	Inheritance, retailing
Belz family	168	Memphis	—	250	Real estate
Benenson, Charles B.	130	NYC	71	200	Real estate
Bernhard, Arnold	101	Westport, Conn.	82	400	Value Line
Berry, Jack Monteith Sr.	136	Winter Haven, Fla.	67	200	Citrus grower
Berry, John William	120	Dayton, Ohio	61	250†	Yellow Pages
Bettingen, Burton Green	124	Beverly Hills, Newport Beach	70s	225*	Inheritance (oil)
Binger, Virginia McKnight	149	Wayzata, Minn.	68	150	Inheritance (3M)
Blaustein, Morton K.	114	Baltimore	57	250*	Inheritance (oil)
Block, Paul Jr.	162	Toledo, Ohio	73	150*	Publishing
Block, William	162	Pittsburgh	69	150*	Publishing
Boesky, Ivan Frederick	152	Mt. Kisco, N.Y. & NYC	47	150	Arbitrager
Borg, Malcolm Austin	156	Englewood & Spring Lake, N.J.	46	150†	Publishing, broadcasting, inher.
Bredin, Octavia Mary du Pont	149	Greenville, Del.	71	150*	Inheritance (Du Pont Co.)
Bren, Donald Leroy	92	Newport Beach, L.A., NYC	52	500	Real estate
Briscoe, Dolph Jr.	134	Uvalde, Tex.	61	200	Rancher
Bronfman, Edgar Miles	82	NYC	55	675	Seagram Co.
Brown family	168	Louisville	—	290	Inheritance (Brown-Forman Distillers)
Brown, Jack	100	Midland, Tex.	58	450*	Oil
Buck family	168	California, et al.	—	325	Inheritance (oil)
Buffett, Warren Edward	82	Omaha	54	665	Stock market
Bullitt, Dorothy Stimson ★	119	Seattle	92	250†	Broadcasting
Busch, August Anheuser Jr.	100	St. Louis	85	425	Anheuser-Busch

★New entry. ☆Returnee. *Assuming equal shares in common fortune. †Family fortune individually allocated.

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	Page	Residence	Age	Worth ($ mil)	Primary sources
Cabot family	168	Boston area	—	$325	Inheritance (Cabot Corp.)
Cargill/MacMillan family	168	Minneapolis	—	200	Inheritance (Cargill, Inc.)
Cargill, James R.	117	Minneapolis	61	250*	Inheritance (Cargill, Inc.)
Cargill, Margaret	117	La Jolla, Calif.	64	250*	Inheritance (Cargill, Inc.)
Carlson, Curtis Leroy	88	Minneapolis	70	600	Entrepreneur
Carpenter, Ben H. ★	124	Dallas	60	220	Southland Financial Corp.
Carpenter, Robert Ruliph Jr.	136	Montchanin, Del.	69	200*	Inheritance (Du Pont Co.)
Carpenter, William Kemble	136	Boca Raton, Fla.	65	200*	Inheritance (Du Pont Co.)
Caruth, William Walter Jr.	88	Dallas	72	600	Real estate
Chambers, Anne Cox	82	Atlanta	64	700*	Inheritance (Cox Enterprises)
Chandler family	168	Los Angeles, et al.	—	650	Inheritance (Times Mirror Co.)
Chandler, Harrison Gray	146	Arcadia, Calif.	81	150	Inheritance (Times Mirror Co.)
Cohen, Edward Baron ☆	162	NYC & Southampton, N.Y.	64	150*	Real estate
Cohen, Sherman ☆	162	NYC; Greenwich, Conn.	61	150*	Real estate
Cohn, Seymour	118	NYC & Upper Brookville, N.Y.	73	250	Real estate
Colket, Tristam C. Jr. ★	82	Paoli, Pa.	46	150	Inheritance (Campbell Soup)
Collier, Miles	119	Naples, Fla.	37	250†	Inheritance, investments
Connell, Grover	148	Westfield, N.J.	66	160	Food
Conover, Catherine Mellon	150	Washington, D.C., et al.	48	150*	Inheritance (investments)
Cook, Jane Bancroft	86	Cohasset, Mass.; Sarasota	72	600	Inheritance (Dow Jones)
Cooke, Jack Kent	86	Middleburg, Va.	71	600	Real estate, communications
Coors family	168	Golden, Colo., et al.	—	365	Inheritance (Adolph Coors Co.)
Copley, Helen Kinney	124	La Jolla, Calif.	61	225	Publishing
Cowles, Gardner family	168	Des Moines, Minneapolis, et al.	—	375	Inheritance, media
Cowles, William family	170	Spokane	—	200	Inheritance (media, real estate)
Cox, Edwin Lochridge	101	Dallas	62	400	Oil
Cox, John Lee	112	Midland, Tex.	59	300	Oil
Cox, William Coburn Jr.	106	London	53	300*	Inheritance (Dow Jones)
Crow, Trammell	92	Dallas	70	500	Real estate
Crown, Henry	98	Chicago	88	450*	Industrialist
Crown, Lester	98	Chicago	59	450*	Industrialist
Cullen family	170	Houston	—	2,000	Inheritance (oil)
Cummings, Nathan	147	NYC	87	160	Industrialist
Darden, Constance Simons du Pont	149	Norfolk, Va.	80	150*	Inheritance (Du Pont Co.)
Davidowitz, Joseph Morton ★	133	Lawrence, N.Y.	55	200	Stock market
Davidson, William Morse	128	Detroit (Bloomfield Hills)	61	210	Guardian Industries
Davis family	170	Jacksonville, Fla., et al.	—	500	Winn-Dixie
Davis, Kenneth William Jr.	120	Fort Worth	58	250*	Inheritance, oil
Davis, Leonard ★	147	NYC, Palm Beach	60	160	Colonial Penn Group
Davis, Marvin	78	Denver	58	1,000	Oil, entertainment
Davis, Thomas Cullen	120	Fort Worth	50	250*	Inheritance, oil
Davis, William Selden	120	Fort Worth	48	150	Inheritance, oil
Day, Willametta Keck	114	Reno, Nev.; Santa Barbara	68	160	Superior Oil Co.
Dayton family	174	Minneapolis	—	800	Inheritance (Dayton-Hudson)
Dayton, Alida Rockefeller	149	Minneapolis	35	150*	Inheritance
de Menil, Dominique	128	Houston	75	200	Inheritance, art
de Young family	174	San Francisco, et al.	—	400	Inheritance (publishing)
Deak, Nicholas Louis	101	Scarsdale, N.Y.	78	400	Banking
DeBartolo, Edward John	88	Youngstown, Ohio	66	550	Shopping centers
Dempsey, John Cornelius	146	Delaware, Ohio	70	175†	Bulk containers
DeVos, Richard Marvin	120	Ada, Mich.	58	250*	Amway Corp.
Dikeou family	174	Denver; Orlando, Fla.	—	250	Inheritance, real estate
Dillon, Clarence Douglas	148	Far Hills, N.J.	75	150†	Investments
Disney family	174	Los Angeles area	—	200	Inheritance, Walt Disney Prod.
Disney, Roy Edward	124	Los Angeles	54	220	Walt Disney Prod., media

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	Page	Residence	Age	Worth ($ mil)	Primary sources
Dixon, Fitz Eugene Jr.	156	Lafayette Hill, Pa.	61	$150	Inheritance
Dixon, Suzanne Searle	122	Lake Forest, Ill.	53	233*	Inheritance (G.D. Searle)
Donnelley family	174	Chicago, et al.	—	650	Inheritance (printing)
Dorrance, John Thompson Jr.	82	Gladwyne, Pa.	65	675	Inheritance (Campbell Soup)
Doubleday, Nelson Jr.	154	Locust Valley, N.Y.	51	150	Publishing
Draper, Irene Carpenter	136	Montchanin, Del.	73	200*	Inheritance (Du Pont Co.)
du Pont family	174	Delaware, et al.	—	10,000	Inheritance (Du Pont Co.)
du Pont, Alexis Felix Jr.	112	Wilmington, Del.	78	275*	Inheritance (Du Pont Co.)
du Pont, Helena Allaire ★	112	Chesapeake City, Md.	60s	275*	Inheritance (Du Pont Co.)
du Pont, Irénée Jr.	149	Christiana Hundred, Del.	64	150*	Inheritance (Du Pont Co.)
du Pont, Pierre Samuel family	174	Delaware area	—	9,000	Inheritance (Du Pont Co.)
du Pont, Pierre Samuel III	120	Rockland, Del.	73	250*	Inheritance (Du Pont Co.)
du Pont, Willis Harrington	120	Palm Beach, Fla.	48	250*	Inheritance (Du Pont Co.)
Duke, Doris	119	Somerville, N.J.	71	250	Inheritance
Durst, David	146	Chappaqua, N.Y.	59	167*	Real estate
Durst, Roy	146	Scarsdale, N.Y.	65	167*	Real estate
Durst, Seymour	146	NYC	71	167*	Real estate
Dyson, Charles Henry	114	NYC	75	250†	Conglomerator
Ellis, Alpheus Lee	154	Tarpon Springs, Fla.	78	150	Banking, real estate
Engelhard, Jane	119	Far Hills, N.J.	60s	250	Inheritance (Engelhard Minerals)
Entenmann family	174	Long Island, N.Y.	—	200	Inheritance (Entenmann's)
Evans, James Emmett	138	Dade City, Fla.	84	185	Citrus grower
Evans, Thomas Mellon	133	NYC	74	200	Investments
Farb, Harold	151	Houston	61	150	Real estate
Farish, William Stamps III	152	Versailles, Ky.; Houston	45	150	Inheritance (oil)
Farley, William Francis ★	156	Chicago	41	150	Leveraged buyouts
Faulkner, Mary Belin du Pont	120	Boston area	77	250*	Inheritance (Du Pont Co.)
Ferry, Sandra (Rockefeller)	149	Cambridge, Mass.	49	150*	Inheritance
Fetzer, John Earl ☆	144	Kalamazoo, Mich.	83	175	Broadcasting
Fickling, William Arthur Jr.	140	Macon, Ga.	52	175†	Charter Medical Corp.
Field, Frederick Woodruff	117	Los Angeles	32	250*	inheritance, media
Field, Marshall V	117	Chicago	43	250*	Inheritance, media
Firestone family	175	Akron, Ohio	—	200	Inheritance
Fisher family (Detroit)	175	Detroit area, Palm Beach	—	300	Inheritance (Fisher Body)
Fisher family (Seattle)	175	Seattle area	—	275	Investments
Fisher, Larry	108	NYC	60s	300*	Real estate
Fisher, Max Martin	124	Detroit, NYC, Palm Beach	76	225	Refining
Fisher, Zachary	108	NYC	60s	300*	Real estate
Flint, Lucile Evelina du Pont	149	Greenville, Del.	68	150*	Inheritance (Du Pont Co.)
Forbes, Malcolm Stevenson	96	Far Hills, N.J.	65	(p. 96)	Publishing
Ford, Henry II	108	Palm Beach	67	200	Inheritance, Ford Motor Co.
Ford, Josephine Clay	108	Grosse Pointe, Mich.	61	170	Inheritance (Ford Motor Co.)
Ford, Kenneth W.	136	Roseburg, Ore.	76	200†	Timber
Ford, William Clay	108	Grosse Pointe Shores, Mich.	59	300	Inheritance (Ford Motor Co.)
Fribourg, Michel	80	NYC	71	750	Grain trading
Frick, Helen Clay	148	Pittsburgh	95	150	Inheritance
Fuqua, John Brooks	160	Atlanta	66	150	Entrepreneur
Galbreath, Daniel Mauck	149	Columbus, Ohio	56	150*	Real estate
Galbreath, John Wilmer	149	Columbus, Ohio	87	150*	Real estate
Galesi, Francesco	136	NYC	52	200	Real estate
Gallo, Ernest	105	Modesto, Calif.	75	300*	Wines
Gallo, Julio	105	Modesto, Calif.	74	300*	Wines
Galvin, Robert William	104	Barrington, Ill.	61	360†	Motorola
Garvey family	175	Wichita, et al.	—	500	Inheritance

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	Page	Residence	Age	Worth ($ mil)	Primary sources
Gates, Charles Cassius	98	Denver	63	$450†	Gates Corp.
Gaylord, Edward Lewis	88	Oklahoma City	65	600†	Communications, real estate
Getty, Gordon Peter	76	San Francisco	50	4,100†	Inheritance (oil)
Gilmore, James Stanley Jr. ☆	161	Kalamazoo, Mich.	58	150	Investments
Goldman, Alfred Dreyfus ★	128	Oklahoma City, Honolulu	46	200*	Inheritance, real estate
Goldman, Monte Henry ★	128	Oklahoma City, Honolulu	49	200*	Inheritance, real estate
Goldman, Sol	98	NYC & Mill Neck, N.Y.	67	450	Real estate
Graham, Katharine	120	Washington, D.C.	67	250†	Washington Post Co.
Green, Dorothy	124	Beverly Hills	70s	225*	Inheritance (oil)
Greenewalt, Margaretta Lammot du Pont	149	Greenville, Del.	82	150*	Inheritance (Du Pont Co.)
Griffin, Ben Hill Jr.	144	Avon Park, Fla.	73	175	Citrus grower
Guccione, Robert Charles Joseph Edward Sabatini	134	NYC	52	200	Publishing
Gund family	175	Cleveland Origin	—	300	Inheritance
Haas family	175	San Francisco	—	400	Inheritance (Levi Strauss & Co.)
Hahn, Ernest Walter	144	Rancho Santa Fe, Calif.	65	175	Shopping centers
Hall, Donald Joyce	80	Mission Hills, Kans.	56	750†	Hallmark Cards
Hamilton, Dorrance Hill	82	Strafford, Pa.	56	150	Inheritance (Campbell Soup)
Hammer, Armand	128	Los Angeles, NYC, Moscow	86	200	Entrepreneur
Hamon, Jake Louis Jr.	136	Dallas	82	200	Oil and gas
Hanson, John Kendrick	162	Forest City, Iowa	71	150	Winnebago Industries
Harbert, John Murdoch III ★	96	Birmingham, Ala.	62	500	Construction
Hardesty, Floyd Roger	140	Tulsa	46	180	Construction
Harrah family	176	Reno, Nev. origin	—	200	Inheritance (Harrah's)

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	Page	Residence	Age	Worth ($ mil)	Primary sources
Harriman, William Averell	152	Middleburg, Va.	92	$ 150	Inheritance
Hearst, David Whitmire	114	Beverly Hills	68	260*	Inheritance, media
Hearst, Randolph Appersen	114	Hillsboro & Paso Robles, Calif.	68	260*	Inheritance, media
Hearst, W.R. grandchildren	176	California, NYC area, et al.	—	520*	Inheritance, media
Hearst, William Randolph Jr.	114	NYC	76	260*	Inheritance, media
Heinz, Henry John II	100	Pittsburgh	76	440†	H.J. Heinz Co.
Helmsley, Harry Brakmann	80	NYC	75	900	Real estate
Hendrix, Helen Hunt	107	Dallas area	35	175*	Inheritance, oil
Hess, Leon	105	NYC	69	320	Amerada Hess Corp.
Hewlett, William Redington	80	Portola Valley, Calif.	71	920	Hewlett-Packard
Hill, Margaret Hunt	77	Dallas	69	1,400†	Inheritance (oil)
Hillenbrand family	176	Batesville, Ind., et al.	—	240	Inheritance, Hillenbrand Industries
Hillman, Henry Lea	90	Pittsburgh	65	500	Industrialist
Hilton, William Barron	114	Los Angeles	56	260	Hilton Hotels
Hines, Gerald Douglas	108	Houston	59	300	Real estate
Hobby, Oveta Culp	104	Houston	79	375†	Broadcasting, publishing
Hoiles family	176	Santa Ana & Marysville, Calif.	—	450	Inheritance (publishing)
Horvitz family	176	Cleveland; Hollywood, Fla.	—	250	Inheritance
Houghton family	176	Corning, N.Y.	—	400	Inheritance (Corning Glass)
Howard, Robert Staples	133	Rancho Santa Fe, Calif.	59	200*	Publishing
Hubbard, Stanley Stub ★	138	St. Mary's Point, Minn.	51	190†	Broadcasting
Huffington, Roy Michael ☆	106	Houston	66	300	Oil
Hunt, Lamar	92	Dallas	52	500†	Inheritance, oil, sports
Hunt, Nelson Bunker	77	Dallas	58	1,400†	Inheritance, oil, real estate
Hunt, Ray Lee	107	Dallas area	41	300	Inheritance, oil, real estate
Hunt, Ruth June	107	Dallas area	40	175*	Inheritance, oil, real estate
Hunt, Ruth Ray	107	Dallas area	67	175*	Inheritance, oil, real estate
Hunt (Meeks), Swanee	107	Denver	34	175*	Inheritance, oil
Hunt, William Herbert	78	Dallas	55	1,000†	Inheritance, oil
Hwang, Kyupin Philip	162	Los Altos Hills, Calif.	47	150	TeleVideo Systems
J					
Jobs, Steven Paul	128	Los Gatos, Calif.	29	210	Apple Computer
Johnson, Belton Kleberg	156	San Antonio & La Pryor, Tex.	54	150	Ranching
Johnson, John Harold	156	Chicago, Palm Springs	66	150	Publishing
Johnson, Samuel Curtis	86	Racine, Wis.	56	600	Johnson Wax
K					
Kalikow, Peter Stephen	104	NYC	41	350	Real estate
Kalmanovitz, Paul	118	Tiburon, Calif.	78	250	Beer, real estate
Kaskel, Howard	118	NYC	47	250	Real estate
Kauffman, Ewing Marion	130	Kansas City, Mo.	68	200	Marion Laboratories
Kavadas, Kathryn Bancroft	150	Newton, Mass.	32	150*	Inheritance (Dow Jones)
Keck, Howard Brighton	114	Los Angeles	71	260	Superior Oil Co.
Keck, William Myron II	114	Los Angeles	42	180	Superior Oil Co.
Keinath, Pauline MacMillan ★	147	Unknown	50	167*	Inheritance (Cargill, Inc.)
Kenan family	176	Durham, N.C.; Atlanta	—	200	Inheritance (oil, railroads, hotels)
Kennedy family	176	Boston origin	—	450	Inheritance
Kerkorian, Kirk	105	Los Angeles, Las Vegas	67	350	Trading, investments
Kieckhefer, Robert Hazelwood	160	Prescott, Ariz.	66	150	Containers, investments
Kirby family	176	Wilkes-Barre, Pa. origin	—	200	Inheritance (retailing)
Kleberg family	178	King Ranch, Tex.	—	750	Inheritance (King Ranch)
Kluge, John Werner	106	Charlottesville, Va.; NYC area	70	300	Metromedia
Knight, James Landon	144	Miami	75	175	Knight-Ridder Newspapers, Inc.
Knight, Philip Hampson	154	Beaverton, Ore.	46	150	Nike, Inc.
Koch, Charles de Ganahl	101	Wichita, Kans.	48	375*	Oil
Koch, David Hamilton	101	NYC	44	375*	Oil
Koch, Frederick Robinson	101	NYC	51	375*	Oil
Koch, William Ingraham	101	Boston	44	375*	Oil

★New entry. ☆Returnee. *Assuming equal shares in common fortune. †Family fortune individually allocated.

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Kozmetsky, George ★	138	Austin, Tex.	66	$185	Teledyne
Krehbiel, John H. Sr.	105	Downers Grove, Ill.	78	345†	Molex, Inc.
Kroc, Joan Beverly ★	90	La Jolla, Calif.	56	525	Inheritance (McDonald's)
Laird family	178	Delaware	—	400	Inheritance (Du Pont Co.)
Landegger, Carl Clement	154	NYC	54	150*	Industrialist
Landegger, George Francis	154	London, Paris, Connecticut	47	150*	Industrialist
Lauder, Estée	122	NYC and the Hamptons	79	233*	Cosmetics
Lauder, Leonard Alan	122	NYC and the Hamptons	51	233*	Cosmetics
Lauder, Ronald Steven	122	NYC and the Hamptons	40	233*	Cosmetics
Lawrence, Maurice Larry	160	San Diego, et al.	58	150	Real estate
LeFrak, Samuel Jayson	80	NYC	66	700	Real estate
Levine, Leon	122	Charlotte, N.C.	47	235	Family Dollar Stores
Lilly family	178	Indianapolis, et al.	—	400	Inheritance (Eli Lilly & Co.)
Lindner, Carl Henry II	112	Cincinnati	65	275	Insurance, banking
Litwin, Leonard ★	144	NYC	60s	175	Real estate
Loeb, John Langeloth	154	NYC	81	150	Financier
Louis, John Jeffry Jr.	104	Winnetka, Ill.	59	350	Inheritance (Johnson Wax)
Ludwig, Daniel Keith	90	NYC	87	500	Shipping, real estate
Lupton, John Thomas	104	Chattanooga, Tenn.	58	350	Coca-Cola bottler
Lurie, Robert Alfred	133	San Francisco	55	200	Inheritance, real estate
Lykes family	178	Florida	—	1,100	Inheritance, shipping, real estate
MacElree, Jane Cox	106	Newtown Square, Pa.	55	300*	Inheritance (Dow Jones)
Mack family	178	NYC & Great Neck, N.Y.	—	200	Inheritance (real estate)
MacMillan, Cargill Jr. ★	147	Minneapolis	57	167*	Inheritance (Cargill, Inc.)
MacMillan, John Hugh III	147	Fort Lauderdale, Fla.	56	167*	Inheritance (Cargill, Inc.)
MacMillan, W. Duncan	147	Wayzata, Minn.	54	167*	Inheritance (Cargill, Inc.)
MacMillan, Whitney ★	147	Minneapolis	55	167*	Inheritance (Cargill, Inc.)
Mandel, Jack N.	155	Shaker Heights, Ohio	72	150	Premier Industrial Corp.
Mandel, Joseph C.	155	Lyndhurst, Ohio	70	150	Premier Industrial Corp.
Mandel, Morton Leon	155	Shaker Heights, Ohio	63	150	Premier Industrial Corp.
Manges, Clinton ★	105	Freer, Tex.	61	325	Oil, land
Manoogian, Alex	147	Taylor, Mich.	83	160†	Masco Corp.
Markkula, Armas Clifford Jr.	148	Woodside, Calif.	42	160	Apple Computer
Marriott family	178	Washington, D.C.	—	430	Marriott Corp.
Mars, Forrest Edward Sr.	90	Las Vegas	80	500*	Candy
Mars, Forrest Edward Jr. ★	90	McLean, Va.	53	500*	Candy
Mars, John Franklyn ★	90	Arlington, Va.	49	500*	Candy
Marx, Leonard	106	Scarsdale, N.Y.	80	300	Real estate
Massey, Jack Carroll ☆	152	Nashville	80	150	Entrepreneur
May, Cordelia Scaife	101	Ligonier, Pa.	56	400	Inheritance
May, Irene Sophie du Pont	149	Wilmington, Del.	84	150*	Inheritance (Du Pont Co.)
Mayer family	178	Madison, Wis., et al.	—	200	Inheritance (Oscar Mayer)
McClatchy family	178	Sacramento, Calif., et al.	—	325	Inheritance (publishing)
McDonnell family	178	St. Louis	—	230	Inheritance (McDonnell Douglas)
McGovern, Patrick Joseph	117	Nashua, N.H.	47	250	Publishing
McGraw family	179	NYC area, et al.	—	475	Inheritance (McGraw-Hill)
McLean, Malcom Purcell	96	NYC	70	475	McLean Industries
McLendon, Gordon Barton	133	Lake Dallas, Tex.	63	200	Entrepreneur
Mellon, Paul	86	Upperville, Va.	77	600	Inheritance
Mellon, Richard Prosser	147	Ligonier, Pa.	45	167*	Inheritance
Mellon, Seward Prosser	147	Ligonier, Pa.	42	167*	Inheritance
Mellon, Timothy	150	Manchester, N.H. area	42	150*	Inheritance
Mendik, Bernard H. ☆	148	NYC	55	160	Real estate
Mems, Sy Syms ★	128	Lyndhurst, N.J.	58	210	Syms Corp.
Meyer, August Christopher	144	Champaign, Ill.	83	175†	Broadcasting

★New entry. ☆Returnee. *Assuming equal shares in common fortune. †Family fortune individually allocated.

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Milbury, Cassandra Mellon	147	Ligonier, Pa.	44	$167*	Inheritance
Millard, William H.	86	Oakland, Calif.	52	600	ComputerLand
Milliken, Gerrish Hill	98	Greenwich, Conn.; NYC	67	300	Textiles
Milliken, Minot King	98	NYC	68	150	Textiles
Milliken, Roger	98	Spartanburg, S.C.	68	450	Textiles
Mills, Alice Francis du Pont	112	Hobe Sound, Fla.	71	275*	Inheritance (Du Pont Co.)
Milstein, Paul	140	NYC & Scarsdale, N.Y.	61	175*	Real estate
Milstein, Seymour	140	NYC & Scarsdale, N.Y.	64	175*	Real estate
Mitchell, George P.	88	Houston	65	590	Oil, real estate
Monaghan, Thomas S. ★	134	Ann Arbor, Mich.	47	200	Pizza
Moncrief, William Alvin Sr.	152	Fort Worth	89	150*	Oil
Moncrief, William Alvin Jr.	152	Fort Worth	64	150*	Oil
Moody family	179	Galveston, Tex.	—	350	Inheritance (insurance, ranching)
Moore, Gordon Earle	108	Santa Clara, Calif.	55	300	Intel Corp.
Morgan, Mary Clark Rockefeller	150	NYC	46	150*	Inheritance
Mosbacher, Robert Adam	152	Houston	57	150	Oil
Mott family	179	Flint, Mich., et al.	—	300	Inheritance (manufacturing)
Murchison, Clint William Jr.	120	Dallas	61	250	Oil, investments
Murdock, David H.	92	Bel Air, Calif.	61	500	Real estate, acquisitions
Murphy, Charles Haywood Jr.	147	El Dorado, Ark.	64	160	Murphy Oil Corp.
Muss, Stephen	134	Miami Beach	56	200	Real estate
Newhouse, Donald Edward	80	NYC	55	750*	Publishing, broadcasting
Newhouse, Samuel Irving Jr.	80	NYC	56	750*	Publishing, broadcasting
Nielsen, Arthur Charles Jr.	146	Winnetka, Ill.	64	170†	A.C. Nielsen Co.
Nordstrom family	180	Seattle	—	250	Inheritance (Nordstrom, Inc.)
Norris, Diana Strawbridge ★	82	Coatesville, Pa.; Palm Beach	43	150	Inheritance (Campbell Soup)
O'Connor family	180	Victoria, Tex.	—	750	Inheritance (ranching, banking)
Olnick, Robert	130	Palm Beach, NYC	69	200†	Real estate
Olsen, Kenneth Harry	124	Lincoln, Mass.	58	225	Digital Equipment Corp.
O'Neill, Abby Milton	106	Oyster Bay, N.Y.	56	300	Inheritance
O'Neill, Richard Jerome	133	San Juan Capistrano, Calif.	61	200*	Inheritance (real estate)
Ono, Yoko	161	NYC	51	150	Inheritance
Ordway family	180	St. Paul origin	—	400	Inheritance (3M)
Packard, David	76	Los Altos Hills, Calif.	72	1,800	Hewlett-Packard
Palevsky, Max	130	Beverly Hills	60	200	Computers
Paley, William S.	117	NYC & Southampton, N.Y.	83	250	CBS, Inc.
Park, Roy Hampton	112	Ithaca, N.Y.	74	275	Park Communications
Parker, Jack	107	NYC	69	300	Real estate
Paulson, Allen E.	96	Savannah, Ga.	62	480	Gulfstream Aerospace Corp.
Paulucci, Luigino Francesco	104	Sanford, Fla.; Duluth, Minn.	66	350†	Food processing, real estate
Payson, Charles Shipman	152	Portland, Me.; Hobe Sound, Fla.	85	150	Industrialist, inheritance
Pearson, Edith du Pont	120	Montchanin, Del.	72	250*	Inheritance (Du Pont Co.)
Pennington, Claude B. ★	138	Baton Rouge, La.	83	200	Oil and gas
Perot, Henry Ross	76	Dallas	54	1,400	Electronic Data Systems
Petersen, Robert Einar	134	Beverly Hills	58	200	Publishing
Petrie, Milton	82	NYC & Southampton, N.Y.	82	610	Petrie Stores
Pew family	180	Philadelphia origin	—	350	Inheritance (Sun Co.)
Phipps family	180	Pittsburgh origin	—	1,200	Inheritance
Phipps, Howard Jr.	148	Westbury, N.Y.	50	150*	Inheritance
Pictet, Marion MacMillan	147	Geneva, Switzerland	51	167*	Inheritance (Cargill, Inc.)
Pigott family	180	Seattle	—	300	Inheritance (PACCAR Inc.)
Pitcairn family	180	Bryn Athyn, Pa., et al.	—	500	Inheritance
Pohlad, Carl R. ★	104	Minneapolis	69	375	MEI Corp., banks
Pope, Generoso Paul Jr.	161	Manalapan, Fla.	57	150	Publishing

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Posner, Victor	117	Miami Beach	66	$250	Financier
Price, Sol ★	140	La Jolla, Calif.	68	180†	Price Co.
Pritzker, Abram Nicholas	90	Chicago area	88	500*	Financier
Pritzker, Jay Arthur	90	Chicago area	62	500*	Financier
Pritzker, Robert Alan	90	Chicago area	58	500*	Financier
Pulitzer family	180	St. Louis, et al.	—	450	Inheritance (publishing)
Rains, Liliore Green	124	Beverly Hills	70s	225*	Inheritance (oil)
Reed family	180	Seattle, et al.	—	300	Inheritance (timber)
Resnick family	182	NYC & Rye, N.Y.	—	250	Real estate
Reynolds, Donald Worthington	119	Fort Smith, Ark.; Las Vegas	78	250	Publishing
Rich, Marc	138	Zug, Switzerland	50	200	Oil trader
Rich, Robert Sr.	130	Buffalo, N.Y.	71	200†	Food products
Richardson family	182	N. Carolina, Conn., et al.	—	250	Inheritance (pharmaceuticals)
Riklis, Meshulam	154	NYC	60	150	Rapid-American Corp.
Rinker, Marshall Edison ★	118	Palm Beach	79	250	Cement
Roberts, Ann Clark Rockefeller	150	NYC	50	150*	Inheritance
Robins, Edwin Claiborne	155	Richmond, Va.	74	150†	A.H. Robins Co.
Rockefeller, David	77	NYC & Tarrytown, N.Y.	69	1,000	Inheritance, banking, real estate
Rockefeller, Hope Aldrich	149	Woodstock, Vt.	46	150*	Inheritance
Rockefeller, John Davison IV	149	Charleston, W. Va.	47	150*	Inheritance
Rockefeller, Laurance Spelman	80	NYC & Tarrytown, N.Y.	74	700	Inheritance, investments
Rockefeller, Rodman Clark	150	NYC	52	150*	Inheritance
Rockefeller, Steven Clark	150	Middlebury, Vt.	48	150*	Inheritance
Rockefeller, William family	182	Greenwich, Conn., et al.	—	300	Inheritance
Rockefeller, Winthrop Paul	90	Winrock Farm, Ark.	36	550	Inheritance
Rollins, O. Wayne	96	Atlanta	72	500	Entrepreneur
Root, Chapman Shaw	133	Ormond Beach, Fla.	59	200	Coca-Cola bottler
Rose family	182	NYC	—	200	Real estate
Rosenberg, Henry A. Jr.	114	Baltimore	54	250*	Inheritance (oil)
Rosenberg, Ruth Blaustein	114	Baltimore	85	250*	Inheritance (oil)
Rosenwald family	182	Philadelphia area, NYC, et al.	—	300	Inheritance
Roush family	182	Akron, Ohio origin	—	200	Inheritance (Roadway Express)
Rudin, Jack	104	NYC	60	350*	Real estate
Rudin, Lewis	104	NYC	57	350*	Real estate
Rust, Eleanor Francis du Pont	149	Thomasville, Ga.	77	150*	Inheritance (Du Pont Co.)
Scaife, Richard Mellon	96	Shadyside, Pa.	52	500	Inheritance, publishing
Scharbauer, Clarence Jr.	136	Midland, Tex.	59	200	Inheritance (oil, land)
Schnitzer family	182	Portland, Ore.; Palm Springs	—	250	Shipping, steel, real estate
Schoellkopf, Caroline Hunt	77	Dallas	61	1,300†	Inheritance (oil)
Scripps, E.W. family	182	Cincinnati origin	—	550	Inheritance (media)
Scripps, Edward Wyllis	147	Charlottesville, Va.	75	160	Publishing
Scripps, J.E. family	184	Detroit; La Jolla, Calif., et al.	—	400	Inheritance (media)
Scully family	184	Dwight & Buffalo, Ill., et al.	—	200	Inheritance (oil, land)
Searle, Daniel Crow	122	Winnetka, Ill.	58	233*	Inheritance (G.D. Searle)
Searle, William Louis	122	Lake Forest, Ill.	56	233*	Inheritance (G.D. Searle)
Shakarian, David B.	117	Pittsburgh; Bal Harbour, Fla.	70	250†	General Nutrition, Inc.
Shapiro family	184	Boston origin	—	240	Inheritance (Maryland Cup Corp.)
Sharp, Bayard	124	Centreville, Del.; Fla.	71	225*	Inheritance (Du Pont Co.)
Sharp, Hugh Rodney Jr.	124	Wilmington, Del.	74	225*	Inheritance (Du Pont Co.)
Sharp, Peter	133	NYC	54	200	Real estate
Shelton, Robert	156	Kerrville, Tex.	48	150	Ranching
Shoen, Leonard Samuel ★	112	Las Vegas; Scottsdale, Ariz.	68	300†	U-Haul
Shorenstein, Walter Herbert	108	San Francisco	69	300	Real estate
Sidamon-Eristoff, Anne Phipps	148	NYC	52	150*	Inheritance
Silliman, Marianna du Pont	149	Montchanin, Del.	73	150*	Inheritance (Du Pont Co.)

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Silverstein, Larry Abraham ☆	152	NYC	53	$150	Real estate
Simmons, Harold Clark	136	Dallas	53	200	Entrepreneur
Simon, Melvin	118	Indianapolis	57	250	Shopping centers
Simon, Norton Winfred	136	Los Angeles	77	200	Industrialist, art collector
Simplot, Jack Richard	92	Boise, Idaho	75	500	Potatoes
Simpson, Abby Rockefeller	150	NYC	27	150*	Inheritance
Singleton, Henry Earl	100	Los Angeles	67	450	Teledyne
Skaggs, Leonard Samuel	128	Salt Lake City	61	220	American Stores
Smith family	184	Chicago origin	—	265	Inheritance (Illinois Tool Works)
Smith, Athalie Irvine	140	Middleburg, Va., et al.	51	180†	Inheritance, lawsuits
Smith, Frederick Wallace	140	Memphis	40	180	Federal Express Corp.
Smith, Richard Alan	122	Chestnut Hill, Mass.	60	230†	General Cinema Corp.
Smith, Vivian Leatherberry	117	Houston	76	250	Inheritance (oil, real estate)
Solow, Sheldon H.	140	NYC	40s	175	Real estate
Sorenson, James LeVoy	160	Salt Lake City	63	150	Medical devices
Sowell, Anne Windfohr	138	Fort Worth	45	190	Inheritance (ranching, oil)
Spanos, Alex Gus	160	Stockton, Calif.	61	150	Real estate
Stahl, Stanley	130	NYC	60	200	Real estate
Stark, Ray	144	Holmby Hills, Calif.	67	175	Film production, securities
Steinberg, Saul Phillip	101	NYC	45	400†	Financier
Stephens, Jackson Thomas	108	Little Rock, Ark.	61	300*	Investment banking, oil and gas
Stephens, Wilton Robert	108	Little Rock, Ark.	76	300*	Investment banking, oil and gas
Stern, Leonard Norman	88	NYC	46	550	Pet supplies, real estate
Stone family	184	Chicago	—	200	Inheritance (Stone Container)
Strawbridge, George Jr. ★	82	Unionville, Pa.	45	150	Inheritance (Campbell Soup)
Stroh family	184	Detroit	—	300	Inheritance (beer)
Stuart, Dwight Lyman	105	Los Angeles	60	350	Inheritance (Carnation Co.)

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Stuart, Elbridge Hadley Jr.	105	Bellevue, Idaho	67	$250	Inheritance (Carnation Co.)
Sulzberger family	184	NYC	—	400	Inheritance (New York Times Co.)
Swig family	184	San Francisco	—	300	Inheritance (real estate)
Taper, Sydney Mark	112	Los Angeles	82	300	First Charter Financial Corp.
Tauber, Laszlo Nandor ★	118	Potomac, Md.	69	250	Real estate
Taubman, A. Alfred	92	Bloomfield Hills, Mich.	59	500	Real estate, art
Temple family	184	Diboll, Tex., et al.	—	430	Inheritance (timber, Time Inc.)
Terra, Daniel James ★	146	Chicago	73	170	Lawter International
Thompson, B. Ray ★	148	Knoxville, Tenn.	77	160	Coal
Thorn, Laura Simpson	150	Bedford Hills, N.Y.	30	150*	Inheritance
Thorne, Oakleigh Blakeman	119	Millbrook, N.Y.	52	250†	Commerce Clearing House
Tisch, Laurence Alan	88	NYC & Rye, N.Y.	61	550	Loews Corp.
Tisch, Preston Robert	88	NYC & Harrison, N.Y.	58	550	Loews Corp.
Trump, Donald John	100	NYC	37	400	Real estate
Trump, Fred Charles	100	NYC	78	200	Real estate
Turner, Robert Edward III	100	Marietta, Ga.	45	400	Turner Broadcasting System
Ueltschi, Albert Lee	146	Greenwich, Conn.	67	170	FlightSafety International
Uihlein family	186	Milwaukee, et al.	—	350	Inheritance (beer)
Upjohn family	186	Kalamazoo, Mich.	—	500	Inheritance (Upjohn Co.)
Van Andel, Jay	120	Ada, Mich.	60	250*	Amway Corp.
van Beuren, Hope Hill	82	Middletown, R.I.	50	150	Inheritance (Campbell Soup)
Vesco, Robert Lee	162	Caribbean area	49	150	Theft
Vollum, Howard	128	Portland, Ore.	71	220	Tektronix
von Platen, Ruth Chandler	146	San Marino, Calif.	87	170	Inheritance (Times Mirror Co.)
Vose, Charles Alden Sr.	149	Oklahoma City	83	150*	Banking
Vose, Charles Alden Jr.	149	Oklahoma City	40	150*	Banking
Wagner, Cyril Jr.	100	Midland, Tex.	50	450*	Oil
Walton, Sam Moore	76	Bentonville, Ark.	66	2,300†	Wal-Mart Stores
Wang, An	77	Lincoln, Mass.	64	1,200†	Wang Laboratories, Inc.
Ward, Louis Larrick	119	Kansas City, Mo.	64	250†	Russell Stover Candies, Inc.
Wasserman, Lew R.	160	Beverly Hills, Palm Springs	71	150	MCA, Inc.
Weber, Charlotte Colket ★	82	Ocala, Fla.; NYC	40s	150	Inheritance (Campbell Soup)
Weiler family	186	NYC	—	350	Real estate
Weinberg, Harry	98	Honolulu, Baltimore	76	450	Real estate, securities
Weis, Robert Freeman	122	Sunbury, Pa.	65	200	Weis Markets, Inc.
Weis, Sigfried	122	Lewisburg, Pa.	68	245	Weis Markets, Inc.
Wexner, Leslie Herbert	92	Columbus, Ohio	47	500†	The Limited, Inc.
Weyerhaeuser family	186	St. Paul, Seattle, et al.	—	650	Inheritance (Weyerhaeuser Co.)
Whitehead, Edwin Carl	156	Greenwich, Conn.	65	150	Medical instruments
Whitney, Betsey Cushing Roosevelt	114	Manhasset, N.Y.	76	275	Inheritance
Whittenburg family	186	Amarillo, Tex.	—	250	Inheritance (ranching, oil, gas)
Whittier family	186	Southern California	—	600	Inheritance (oil)
Wien, Lawrence Arthur ☆	151	NYC	79	150	Real estate, law
Williams, Clayton Wheat Jr.	162	Midland, Tex.	52	150	Oil
Wirtz family	186	Chicago	—	350	Inheritance (real estate, sports)
Wolfe family	186	Columbus, Ohio; Calif.	—	300	Inheritance (media, banking)
Wolfson family	186	Miami Beach	—	230	Inheritance (Wometco)
Woodruff, Robert Winship	120	Atlanta	94	250	Coca-Cola
Ziff, William Bernard Jr.	108	NYC	53	300	Publishing
Zilkha, Ezra Khedouri	149	NYC	59	150	Investments
Zimmerman, William	146	Huntington Beach, Calif.	64	170†	Pic 'n' Save
Zuckerman, Mortimer Benjamin	134	NYC, Boston, Wash., D.C.	47	200	Real estate, publishing

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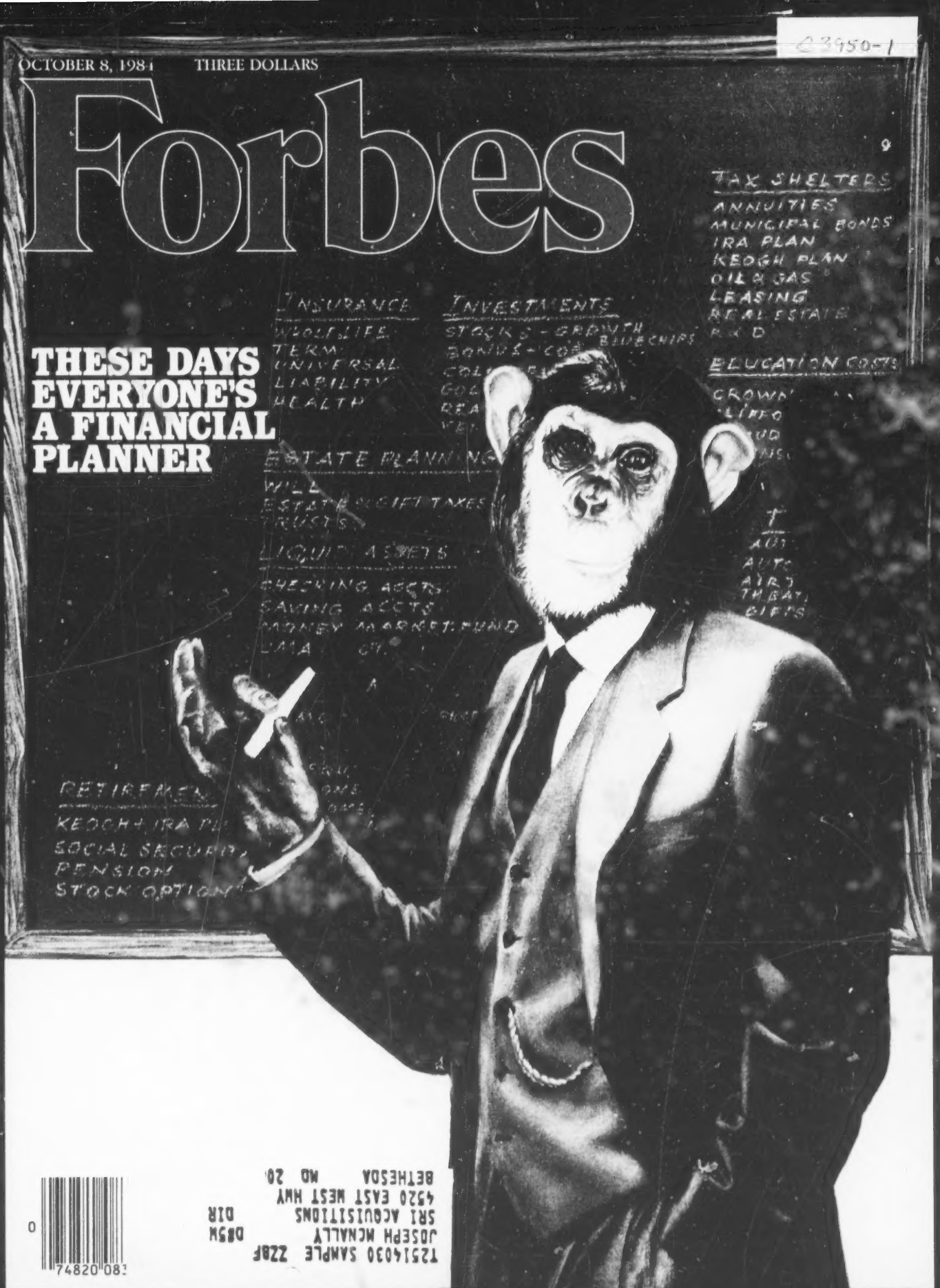
OCTOBER 8, 1984 THREE DOLLARS

Forbes

THESE DAYS EVERYONE'S A FINANCIAL PLANNER



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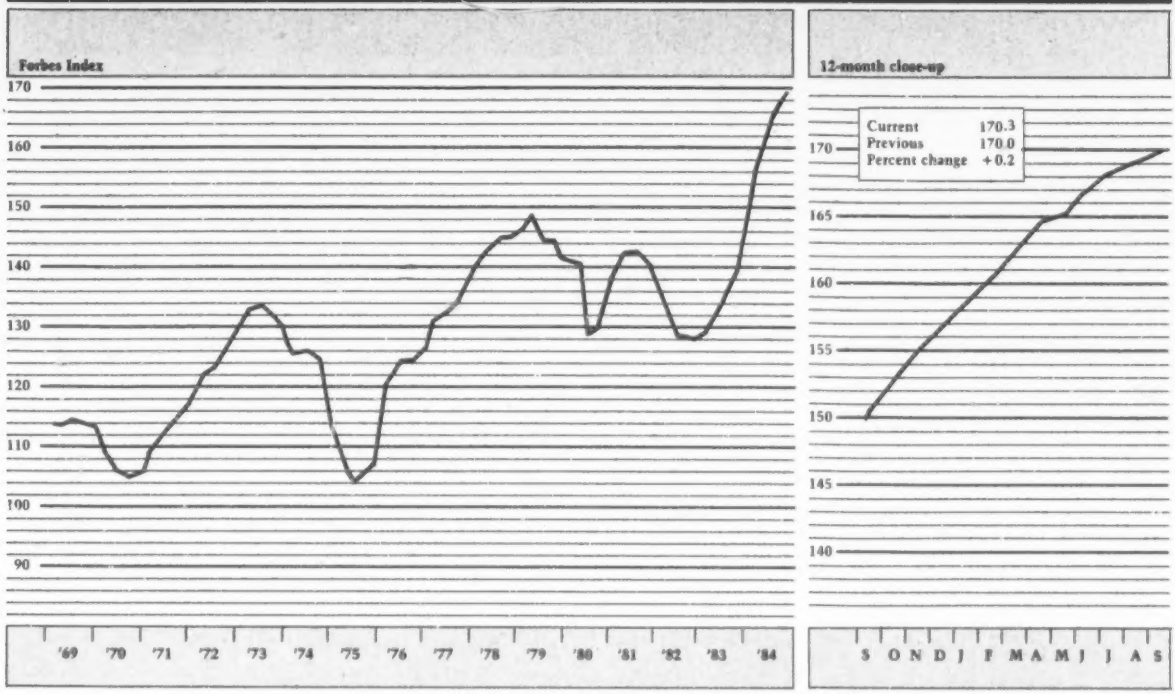
Cover Illustration by: Eva Cellini

The Forbes Index



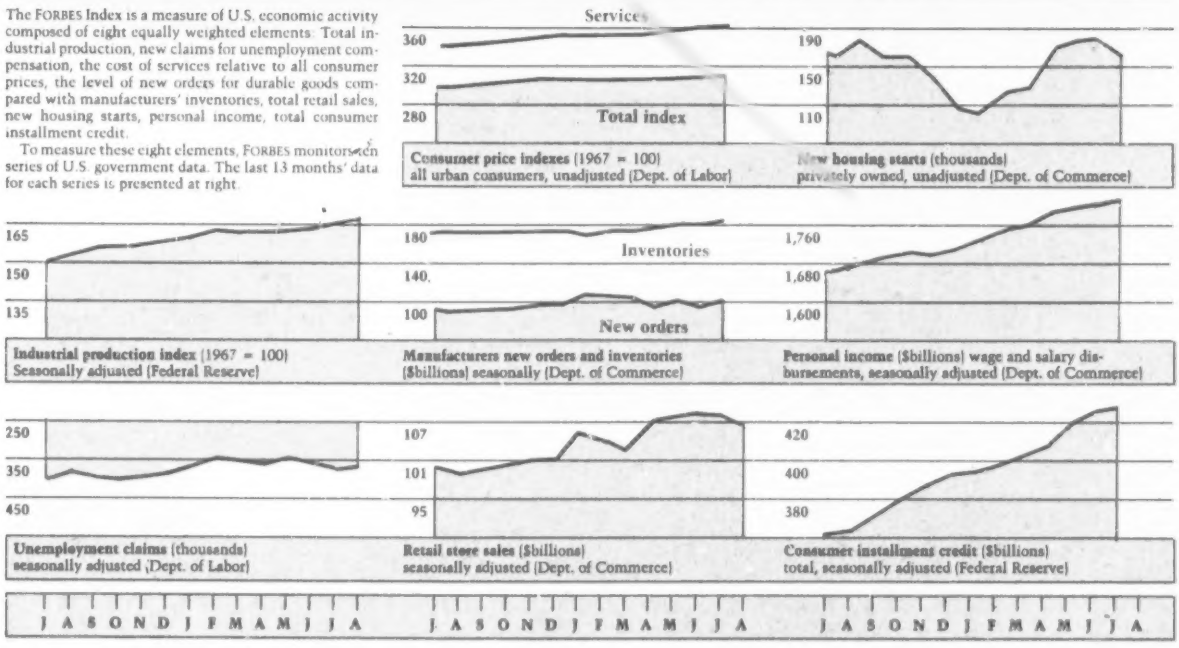
Almost at a standstill. The Forbes Index clearly confirms the fact that the nation's economy is slowing down. In the latest reporting period, for example, the Index posted only a 0.2% gain, which is the smallest advance in many months. Consumer installment credit, which has been expanding since the end of last year, registered a 1.65% month-to-month increase.

This growing debt burden could dampen spending in the months ahead. Although industrial production is 9.5% higher than it was 12 months ago, it rose only 0.24% in the last month. After a recent climb, new unemployment claims fell 2% and are 11.6% lower than they were at the same time last year. On a negative note, however, retail sales show a 0.85% month-to-month decline.

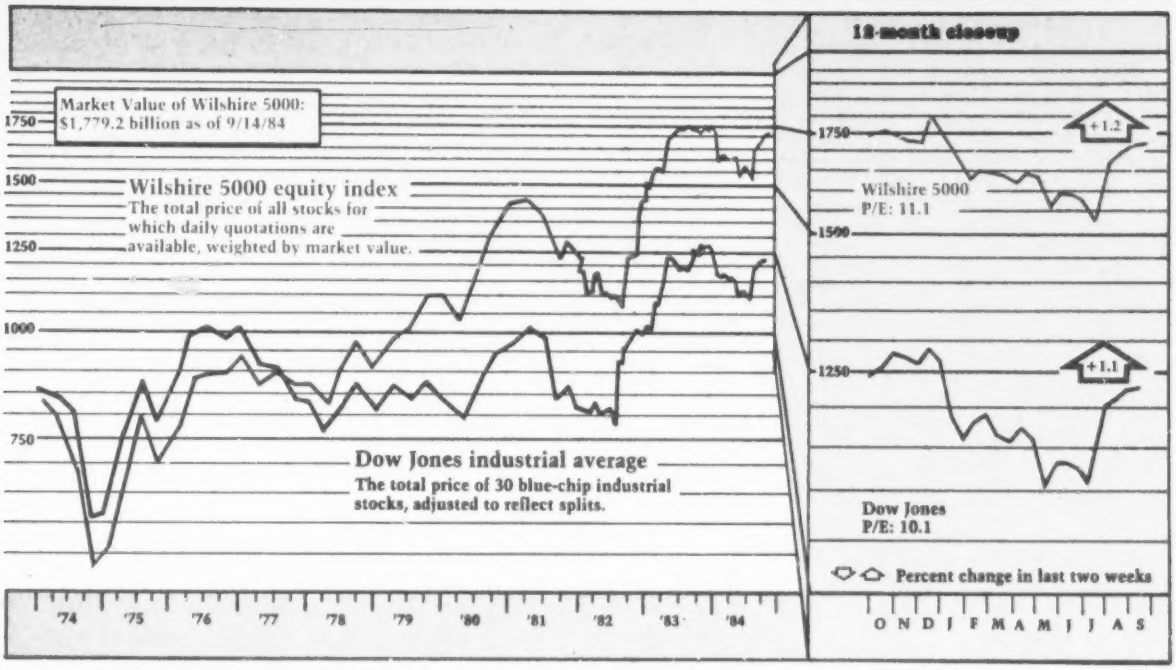
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



Slow and steady wins the race. Early in the summer rally, Wall Street managed to post some splashy upward moves. Unfortunately, they were often followed by equally splashy reversals. Now the trading is less volatile and the trend is clearer. Gains come inch-by-inch—but they are less likely to be given back.

The Wilshire index shows that the market was up 1.2% for the two-week period and 2.8% for the four-week period. But blue chips are the clear leaders. That is one reason the Forbes 500 shows the sharpest two-week improvement, a 1.4% gain. The average Big Board share was up 1.2%, and the Dow industrials gained 1.1%.

Secondary stocks brought up the rear. The Amex recorded only a 0.5% increase, while the NASDAQ was up only 0.4%. A simlilar performance gap prevails over the longer term. The NYSE and the Forbes 500 show minimal improvement for the last 52 weeks. But NASDAQ stocks are off by more than 14%.

Even with the recent gains, the market has considerable ground to cover before reaching its old highs. Secondary stocks peaked in the summer of 1983; the Dow hit its high early in 1984. Present trading patterns could push blue chips into new territory by year-end, but it will take a dramatic change to do the same for NASDAQ stocks.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.8	2.9	2.1	2.8	4.1	2.1
in last 52 weeks	–2.1	1.8	1.0	0.9	–7.1	–14.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.2	3.9	4.3	3.1	2.3	4.0	3.2	2.5	4.3	2.4	2.9	3.1
in last 52 weeks	–0.7	–8.7	–13.3	7.5	–18.4	–0.2	–4.6	–9.7	–12.8	7.3	4.6	–15.9

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

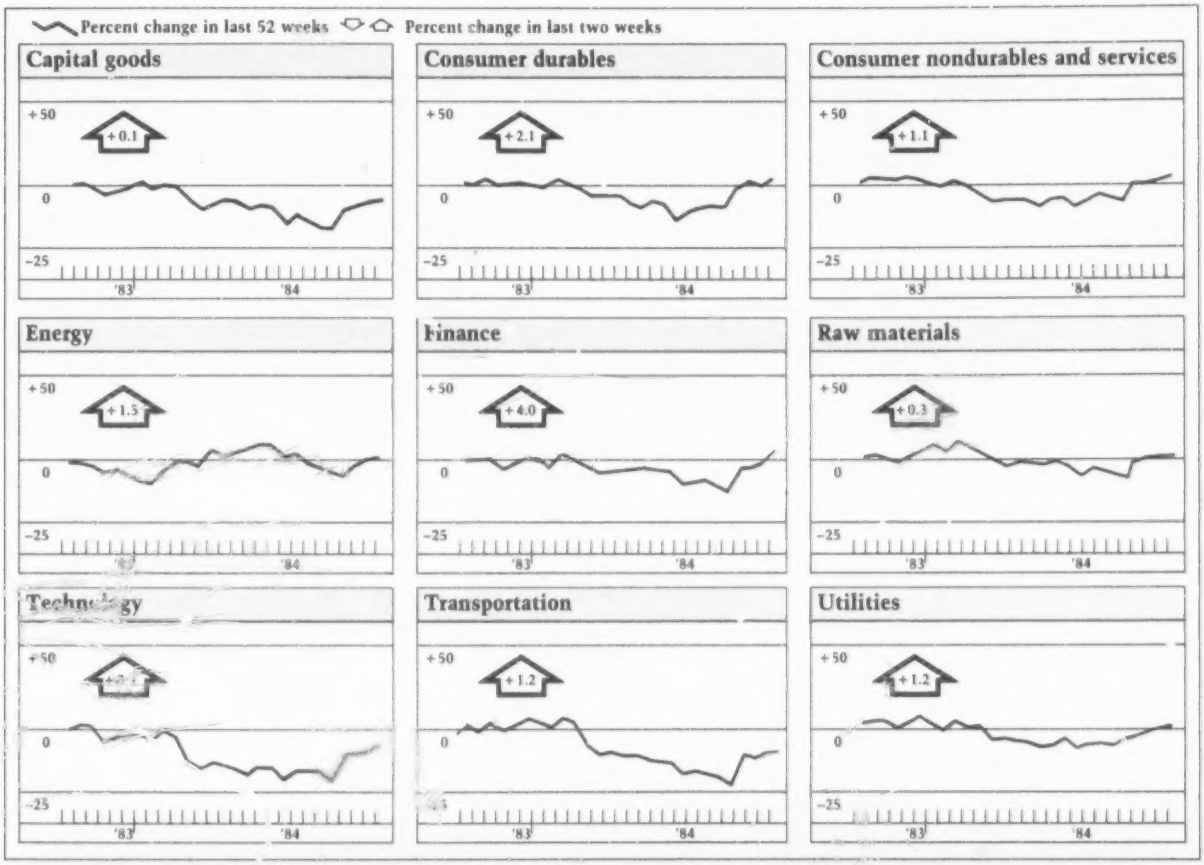
Note: All data for periods ending 9/14/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Shelley Dell

Where The Action Is

Blind faith. With Wall Street, once more, reassured that the banking system is not in danger of imminent collapse, the finance sector strongly outperformed the market during the last two weeks. Consumer durables, meanwhile, registered the second best increase, a 2.1% gain, thanks to continued strength in auto sales.

The recovering energy group is up 1.5% for the last two weeks and 6% for the last four weeks. This sector also has the best 52-week record—up 4.5%. But the group is rebounding after years of decline. Unless supplies tighten drastically, these shares aren't likely to pace the market over the long term.



What The Analysts Think

At least they like something. Analysts are still slashing 1984 estimates on a wide range of companies. Transportation shares continue to suffer the largest cuts. Technology stocks have also been out of favor of late. The good news? Wall Street's experts are still adding pennies to their forecasts for utility shares.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.01	10.8
1984 estimates	3.89	8.9
1985 estimates	4.66	7.2

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Utilities	$3.51	0.26%	0.37%
2	Consumer non-durables	2.61	-0.01	-2.10
3	Capital goods	2.41	-0.21	-3.35
4	Consumer durables	3.36	-0.79	-1.06
5	Energy	2.63	-1.14	-1.60
6	Finance	3.45	-1.49	-0.72
7	Raw materials	2.66	-1.60	-1.52
8	Technology	2.01	-1.98	-2.91
9	Transportation	2.59	-2.56	-3.57

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 9/14/84. Prepared by Wilshire Associates, Santa Monica, Calif., Zacks Investment Research, Inc., Chicago, Ill.

Shelley Dell

Shares in electronics companies have been losing voltage lately—which is why they may deserve a closer look.

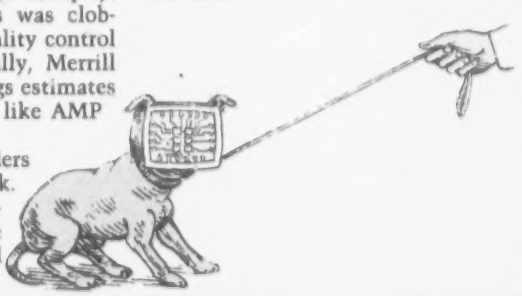
Short circuit?

By Leslie Pittel

SEPTEMBER WASN'T A good month for electronics stocks. First, Gould surprised investors with the news that orders for its read-only memory chips had fallen abruptly. Then Texas Instruments was clobbered by questions of quality control from the Pentagon. Finally, Merrill Lynch lowered its earnings estimates for connector companies like AMP and Augat.

All this hits shareholders squarely in the pocketbook. Gould has lost $216.6 million in market value since its announcement. And on one particularly bleak day, Texas Instruments dropped from 135 to 128¼. AMP's share price declined by 4¼, off 12%. Such pain isn't new, either. Since the beginning of this year, electronics shares have trailed the market by a wide margin.

Chas. B. Slackman



As a result, multiples for this industry have collapsed. This time last year electronics stocks were trading at 33.8 times current earnings. Now their P/E ratio is only 21.1. This drop is all the more significant since earnings over the period have risen by 54%. Based on analysts' 1985 earnings estimates, these stocks now sell for only 12.1 times projected earnings.

What's going on? Some investors worry that these cyclical firms have already peaked. Pessimists even see the dawn of what they dub an "electronics recession." Merrill Lynch's Jerry Labowitz points to the slowing order pattern in the commercial side of the market, particularly among computer and peripheral customers.

Excess capacity is also a worry. Many electronics firms have been investing rapidly to increase production. But by the time they get new assembly lines ready, demand may be off. Some signs of this predicament may already be evident. Book-to-bill ratios, which indicate order strength relative to production capacity, are now declining.

But there are optimists, too. E.F. Hutton's Edward White Jr. sees much of the recent sellout as an overreaction. "I don't think earnings have reached their highs yet," he says. "We won't see a recession in electronics until at least 1986." He points out that earnings gains looked unusually impressive in percentage terms coming out of the recession. Sure, the spectacular comparisons are no longer

How far the chips are down

Many of these 65 electronics companies are selling near their 12-month lows. But analysts expect earnings to rise at least 25% next year. Based on those estimates, almost half these stocks now sell at P/Es of less than 10.

Company	Price recent	Price 52-week high low	Latest 12-month EPS	Current P/E	EPS estimate 1984	EPS estimate 1985	P/E based on 1985E	5-year EPS growth	Book value	Yield
AMP	31¼	39½–26½	$1.87	16.7	$2.16	$2.63	11.9	6.5%	$ 7.84	2.0%
AVX	23	30¼–16½	1.57	14.7	1.92	2.48	9.3	–13.1	11.39	1.4
Advanced Micro Devices	37½	41⅛–25⅛	1.75	21.4	2.79	3.34	11.2	14.8	5.09	—
Alpha Industries	17	22⅞–12¼	0.82	20.7	0.99	1.26	13.5	13.3	7.28	0.3
Analog Devices	26	31½–19⅜	1.25	20.8	1.29	1.64	15.9	17.6	5.19	—
Anaren Microwave	10¼	12½– 7¼	0.45	22.5	0.45	0.62	16.3	34.9	4.47	—
Anthem Electronics	12¼	17 – 8⅛	0.95	12.9	1.27	1.65	7.4	7.3	4.57	0.3
Applied Materials	35½	42¼–21⅛	1.63	21.8	1.97	2.88	12.3	–21.6	9.66	—
Arrow Electronics	22	32⅞–18	1.92	11.5	2.63	3.60	6.1	–26.0	9.58	0.9
Augat	28⅛	47½–25¼	1.65	17.5	1.94	2.55	11.3	3.6	10.27	1.1

E: estimate.

Source: The Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan via MicroScan Data on diskette from ISYS Corp.; Forbes

Statistical Spotlight

making headlines, but growth in profits is still positive.

Others gain encouragement from the new markets for semiconductors. Today, silicon wafers show up in everything from cars to telephones. "In every industry that you look at, electronics is becoming a key factor," says John Geraghty, at Dean Witter Reynolds. "That's a tremendous impetus to the continuing growth."

Consider personal computers. Despite the recent shakeout in computer manufacturing, demand for computers continues to climb by giant steps. IBM, for example, is expected to sell 2½ times as many personal computers in 1984 as it did last year. Every machine is full of chips.

To get a closer look at the industry, we searched Lynch, Jones & Ryan's

How far the chips are down

Company	Price recent	Price 52-week high low	Latest 12-month EPS	Current P/E	EPS estimate 1984	EPS estimate 1985	P/E based on 1985E	5-year EPS growth	Book value	Yield
Avnet	34¼	49⅛-27	$2.44	14.2	$2.46	$3.17	11.0	-3.1%	$14.49	1.4%
Boonton Electronics	6	9½- 5	0.61	9.8	0.77	0.85	7.1	NA	4.71	—
Burndy	15	24½-12⅝	1.06	14.2	1.35	1.89	7.9	-14.9	10.98	5.6
Burr-Brown	19½	24⅜-17⅛	1.07	18.2	1.29	1.74	11.2	NA	8.59	—
CTS	32⅞	47 -22	2.08	15.8	3.25	4.10	8.0	-7.9	22.19	3.0
Cubic	17⅞	30⅛-13⅞	1.97	9.1	2.25	2.67	6.7	24.9	11.46	2.2
Ducommun	35½	47 -30	3.80	9.3	4.27	5.58	6.4	-7.8	25.17	2.3
EG & G	34	37⅛-26⅛	1.66	20.5	1.89	2.30	14.8	18.6	7.47	1.2
EIP Microwave	12¼	13⅜- 9⅛	0.69	17.8	0.79	0.95	12.9	NA	2.37	0.8
John Fluke Mfg	28⅛	34⅛-24⅛	1.64	17.5	1.79	2.24	12.8	0.2	10.70	—
Frequency Electronics	19⅜	36 -15⅛	1.02	19.4	1.40	2.10	9.4	51.9	9.60	—
GenRad	24	45⅛-18	1.31	18.3	1.86	2.59	9.3	-1.1	11.02	0.4
General Instrument	24⅞	40 -20⅛	0.97	25.4	1.82	2.57	9.6	-2.5	19.29	2.0
Genisco Technology	4⅜	11⅛- 3⅞	0.01	NM	0.70	0.60	7.9	-2.4	6.38	—
Giga-tronics	19⅜	25 -15	0.75	25.8	0.95	1.20	16.1	NA	2.95	—
Gould	25⅞	36⅞-23⅛	1.76	14.7	2.31	2.81	9.2	-12.2	18.41	2.6
Harris	29¼	42⅛-22¾	2.02	14.5	2.01	2.64	11.1	-11.9	19.51	3.0
Hewlett-Packard	37⅛	46⅛-31⅛	2.51	15.0	2.22	2.78	13.5	17.7	11.33	0.6
Instron	18¾	21⅝-16¾	0.60	31.3	1.90	2.40	7.8	-25.3	10.18	1.5
InterCom	11¼	28½- 6⅞	0.33	33.7	0.38	0.71	15.7	NA	4.15	—
Intel	33¾	45⅛-25¼	1.60	21.1	1.99	2.60	13.0	-4.2	10.56	—
International Rectifier	22⅞	26½-13⅜	0.88	26.0	0.90	1.90	12.0	NA	7.09	—
Knogo	13⅛	23 - 8⅞	0.74	18.4	0.92	1.14	12.0	NA	6.32	—
Kollmorgen	25¼	34 -22½	1.37	18.4	1.81	2.34	10.8	-5.0	10.35	1.3
Kulicke & Soffa Industries	27¼	35⅛-12⅛	1.48	18.4	1.55	2.31	11.8	-33.0	5.33	3.3
Kyocera	52⅛	62⅜-37¼	1.83	28.6	2.07*	2.57	20.3	14.5	NA	0.6
LSI Logic	16⅞	25⅞-11¼	0.61	27.7	0.68	0.95	17.8	NA	6.98	—
MTS Systems	26	27 -18½	1.96	13.3	2.15	2.77	9.4	-22.0	18.89	1.2
Matrix Science	27⅛	38¼-21½	1.65	16.8	1.68	2.24	12.4	17.8	6.48	0.4
Molex	33⅛	42¼-29	1.91	17.4	1.91*	2.48	13.4	13.4	6....	9.0
Monolithic Memories	19⅞	30⅛-12⅜	1.19	16.7	1.31	1.72	11.6	NA	7.84	—
Moore Products	29¼	29¼-22½	1.20	24.4	1.95	3.00	9.8	-12.5	19.77	3.0
Motorola	39¾	50 -29¼	2.86	13.9	3.23	3.88	10.2	3.7	17.01	1.6
National Micronetics	7⅜	18⅛- 6⅛	0.56	13.2	0.56*	1.01	7.3	NA	5.70	—
National Semiconductor	14⅛	19⅜- 9½	0.66	21.8	1.39	1.88	7.6	-17.8	4.23	—
Nicolet Instrument	13½	22⅛-10⅜	0.85	15.9	1.30	1.48	9.1	-16.5	8.67	0.9
Regency Electronics	6⅛	20⅜- 5⅞	0.66	9.7	0.82	1.01	6.3	5.4	3.62	3.1
Richardson Electronics	22½	22½-11¼	1.24	18.1	1.25	1.55	14.5	NA	6.17	—
Rogers	27	37¼-23⅛	1.93	14.0	2.13	2.57	10.5	10.1	12.96	0.4
SCI Systems	18¼	30½-10¼	0.80	22.8	0.88	1.31	13.9	39.0	5.62	—

*1984 actual. NA: not available. NM: not meaningful. E: estimate.

Source: The Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan via Micro/Scan Data on diskette from ISYS Corp.; Forbes.

How far the chips are down

Company	Price recent	Price 52-week high low	Latest 12-month EPS	Current P/E	EPS estimate 1984	EPS estimate 1985	P/E based on 1985E	5-year EPS growth	Book value	Yield
SFE Technologies	13½	20¾–12½	$0.73	18.5	$1.24	$1.74	7.8	19.3%	$7.57	0.7%
Scientific-Atlanta	9	18 – 7¼	0.50	18.0	0.50*	0.83	10.8	–18.1	6.80	1.3
Sensormatic Electronics	7¾	38 – 5⅝	0.65	11.9	0.84	1.25	6.2	39.9	6.48	0.6
Spectrum Control	6¼	12⅛– 6⅛	0.36	17.8	0.50	0.70	9.6	NA	2.39	0.7
Standard Microsystems	20¾	30½–16	0.86	24.1	1.29	1.72	12.1	17.8	6.31	—
Tech-Sym	17¾	22⅜–13⅛	1.15	15.4	1.32	1.68	10.6	42.9	7.21	—
Teradyne	31⅞	39⅛–21⅛	1.37	20.3	1.81	2.42	13.2	–0.4	8.57	—
Texas Instruments	128¼	149½–101	5.51	23.3	13.89	15.95	8.0	–11.9	55.99	1.6
Tracor	25⅛	29⅛–18½	1.89	13.4	2.03	2.39	10.6	12.5	10.14	1.3
Unitrode	33	36⅞–22	1.51	21.9	1.66	2.08	15.9	16.3	7.45	0.6
Varian Associates	41⅛	61½–30¼	2.55	16.1	2.77	3.60	11.4	17.5	16.93	0.6
Varo	12¼	19⅜– 9½	1.14	10.7	1.25	1.60	7.7	–6.8	11.09	3.3
Vishay Intertechnology	19¼	20⅜–14	1.57	12.3	1.62	1.97	9.8	8.3	10.19	—
Wavetek	6½	16¼– 5⅝	0.42	15.5	0.39	0.69	9.4	3.6	8.00	—
Wyle Laboratories	15½	25⅜–10¾	1.60	9.7	1.79	2.14	7.2	–25.2	10.32	2.1

NA: not available. E: estimate. *1984 actual.

Source: The Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan via Micro/Scan Data on diskette from ISYS Corp., Forbes.

Statistical Spotlight

Institutional Brokers Estimate System for electronics stocks and came up with the list beginning on page 250. Our group of 65 stocks includes only those companies with 1985 consensus earnings estimates that are 25% above latest 12-month earnings. In addition, we included only those companies with positive earnings for the current period.

Based on 1985 estimates, 28 of these stocks are selling at a P/E multiple less than 10. This is a bargain multiple for the electronics industry—if, of course, the analysts are on the mark. Many of these stocks are also selling close to their 52-week lows. But notice that nearly all these firms trade well above book value. And remember that these stocks are highly volatile.

Electronics companies, Geraghty concludes, are best suited to "investors with strong stomachs." ■

Everyone talks about the Dow, but few people understand it. Even fewer realize which Dow stocks have the real clout.

Deep inside the Dow

By Steve Kichen

SOPHISTICATED INVESTORS realize that the Dow Jones industrial average is a buggy-whip indicator. It includes only a few stocks and isn't weighted by market value. But the Dow is the market for millions of people, so it pays to know what makes the index tick.

In the days before calculators, not to mention computers, it was tough work to track stock market performance. Back in 1884 Charles Dow pushed technology to the limit when he began adding up the share prices of 11 big companies.

By 1928 the 20-stock Dow industrials had already become a household word. But Dow Jones, which publishes similar indicators for transportation and utilities, wanted its bellwether to reflect the broader market. So the firm added 10 new stocks.

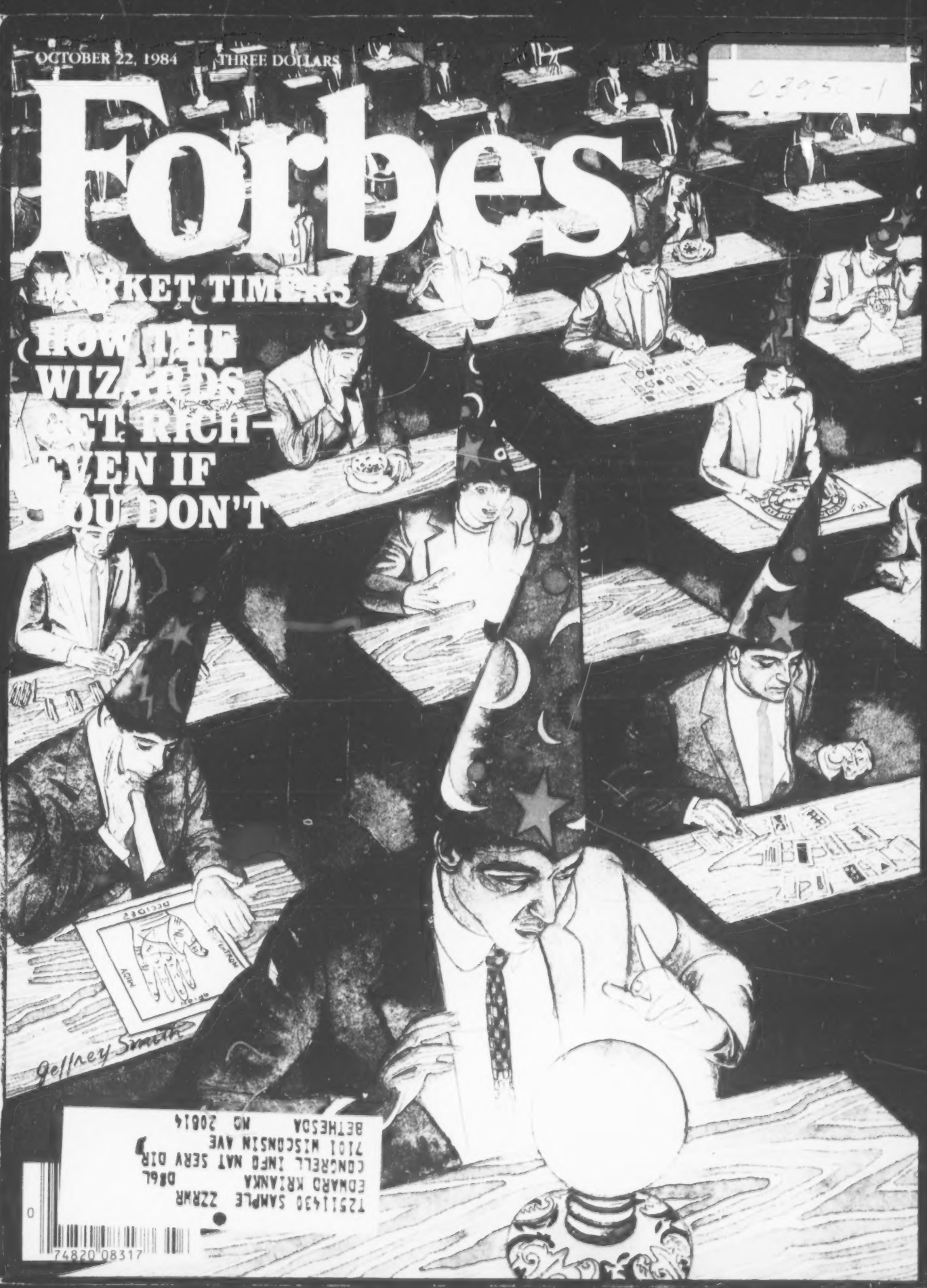
The Dow, however, couldn't fly on the day it included 30 stocks instead of 20. So a clever mathematician suggested dividing the new total by a number that would make it consistent with the old one. The magic divisor turned out to be 16.67.

Thus began an adjustment process that has now become complex. Over the years there have been stock splits, spinoffs and distributions. Dow Jones also replaces companies, with the goal of having 30 stocks that are a mirror of American industry. Today, for example, the Dow industrials account for 20% of the market's total equity value. But all these changes mean tinkering with the divisor.

Only months after the Dow was expanded, for example, National Cash Register replaced Victor Talking Machine when RCA took over Victor. Since NCR was a lower-priced stock, the divisor went down. Whenever a

OCTOBER 22, 1984 THREE DOLLARS

Forbes



MARKET TIMERS

HOW THE WIZARDS GET RICH— EVEN IF YOU DON'T

Jeffrey Smith

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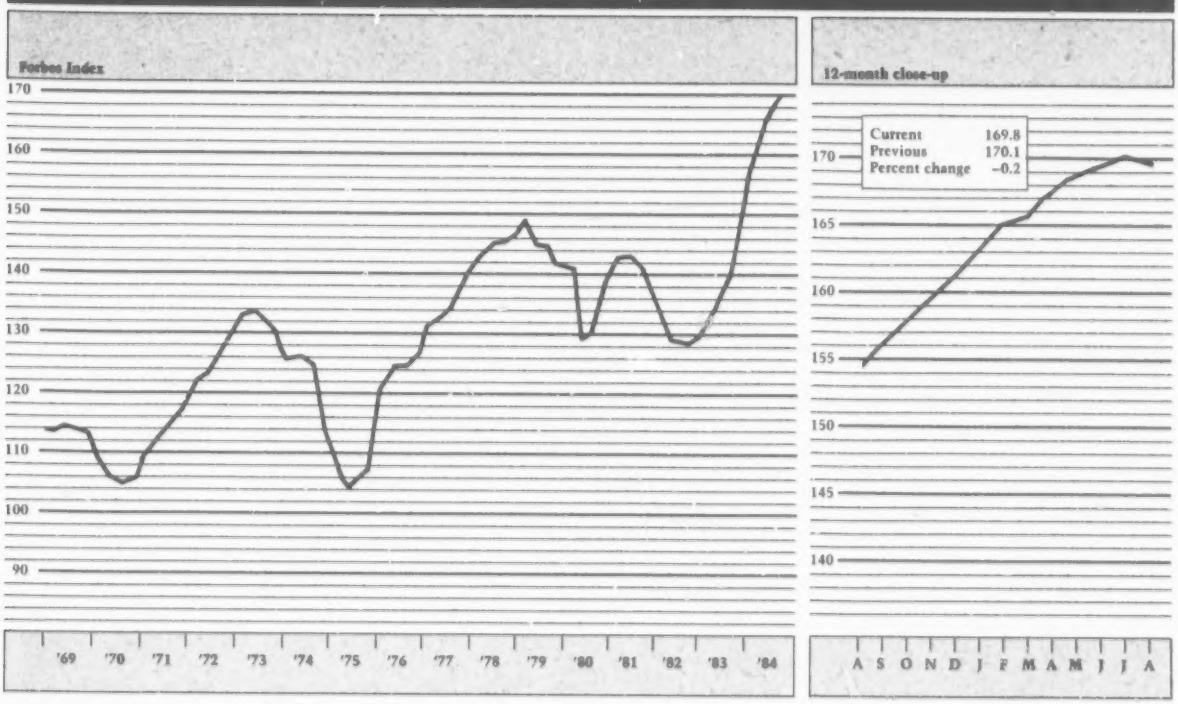
The Forbes Index



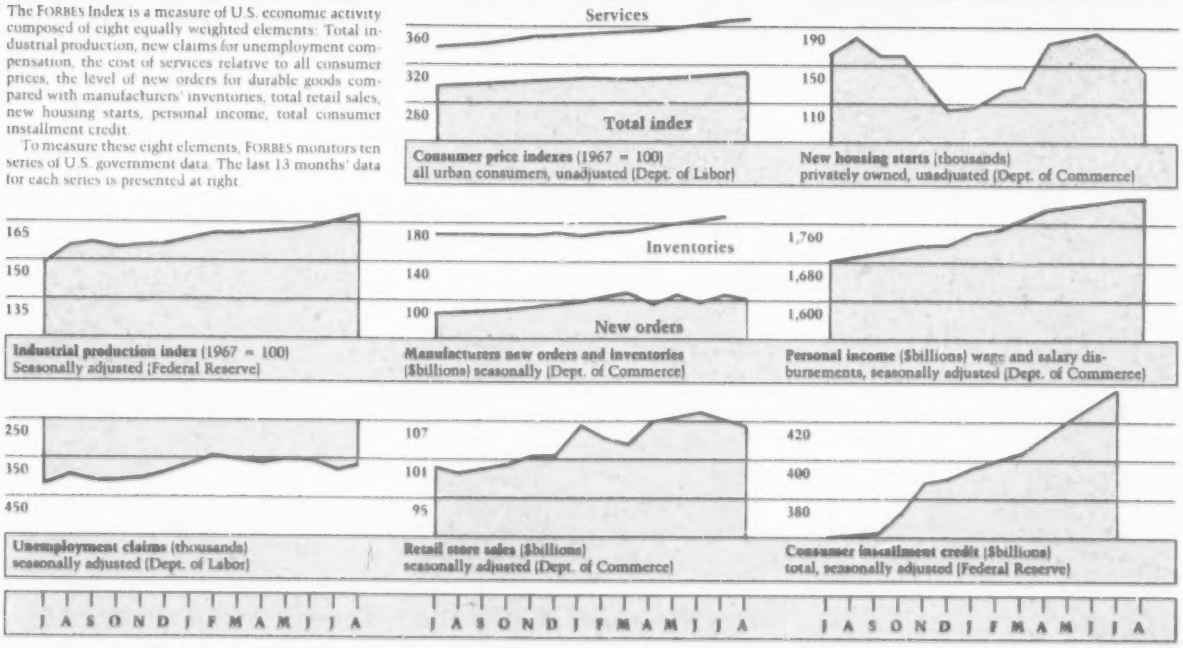
What goes up . . . After 21 consecutive months of increases, the Forbes Index suffered a modest 0.2% setback. This reversal is not unexpected. After all, growth in the Index slowed to a trickle during the last several months.

The biggest drop comes in new housing starts, which declined 10.8% from the previous month. This important yardstick of construction activity is also 17.7% lower than it was at the same time last year. Manufacturers' new orders show a 0.9% month-to-month slip, while the Consumer Price Index rose 0.4%. That's a 4.8% increase on an annual basis. But personal income increased only 0.2% in the most recent month. So to keep pace with inflation, many consumers will have to dip into savings or take on more credit.

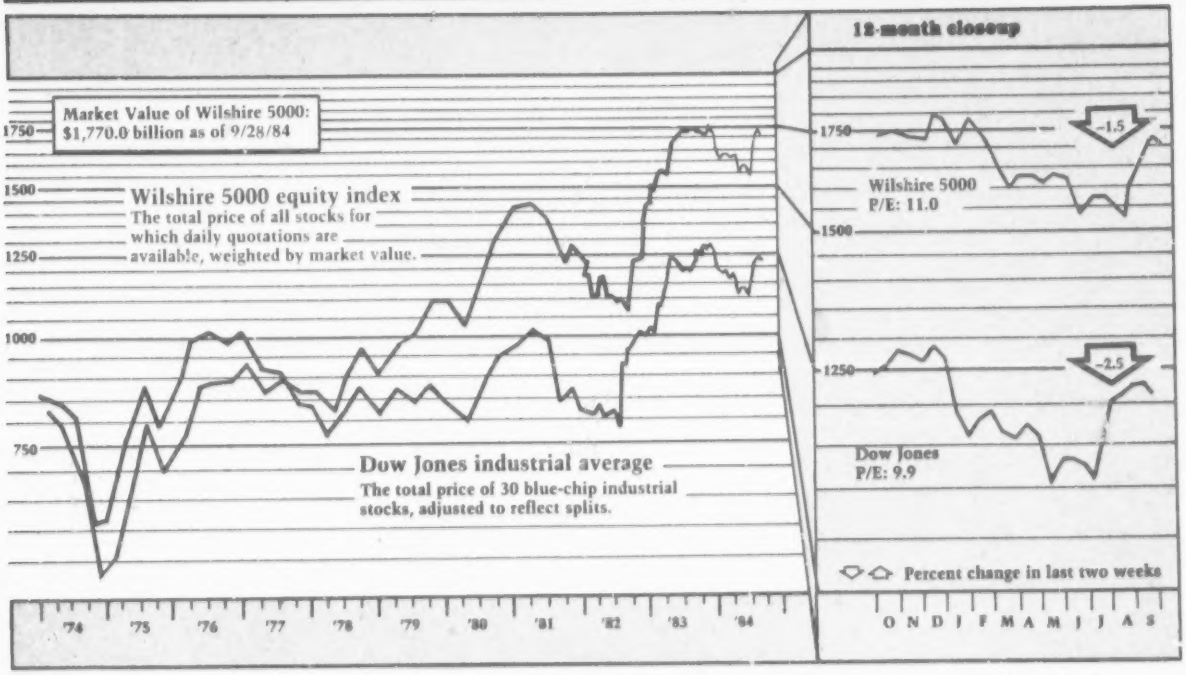
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



A setback, of sorts. For the first time since the market rallied in early August most of the major indicators registered declines for the recent two- and four-week periods. As each quarter draws to a close, large institutions often buoy the market by "window dressing" their portfolios. But this time it appears that many institutions were more interested in taking some of the profits they made over the summer.

Despite the market's failure to build on earlier gains, the capitalization of the Wilshire index is now some $170 billion dollars higher than it was in late July. This handsome increase has come while Wall Street has struggled to sort out widely diverging opinions on the near-term economic outlook. So why not do a little end-of-quarter profit-taking?

The Dow industrials show the largest loss for the last ten trading days, a 2.5% decline. NASDAQ issues were close behind, with a 2.2% drop. Amex-listed shares, however, held up the best and fell only 0.4%. The average issue, as measured by the Wilshire index, lost 1.4%. NASDAQ stocks recorded the worst four-week performance, with a 1.8% loss. The blue chip-oriented Dow fell 1.4%. But most NYSE and Amex issues ended the four-week period with only minor losses.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.3	0.0	–1.4	–0.1	0.0	–1.8
in last 52 weeks	–3.4	0.3	–2.1	–0.5	–6.4	–15.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.1	2.3	–0.8	2.5	–1.0	2.9	3.2	–0.6	0.8	2.8	0.4	–0.8
in last 52 weeks	–2.0	–6.4	–12.4	8.7	–13.9	3.0	5.3	–9.4	–10.2	7.6	3.0	–14.4

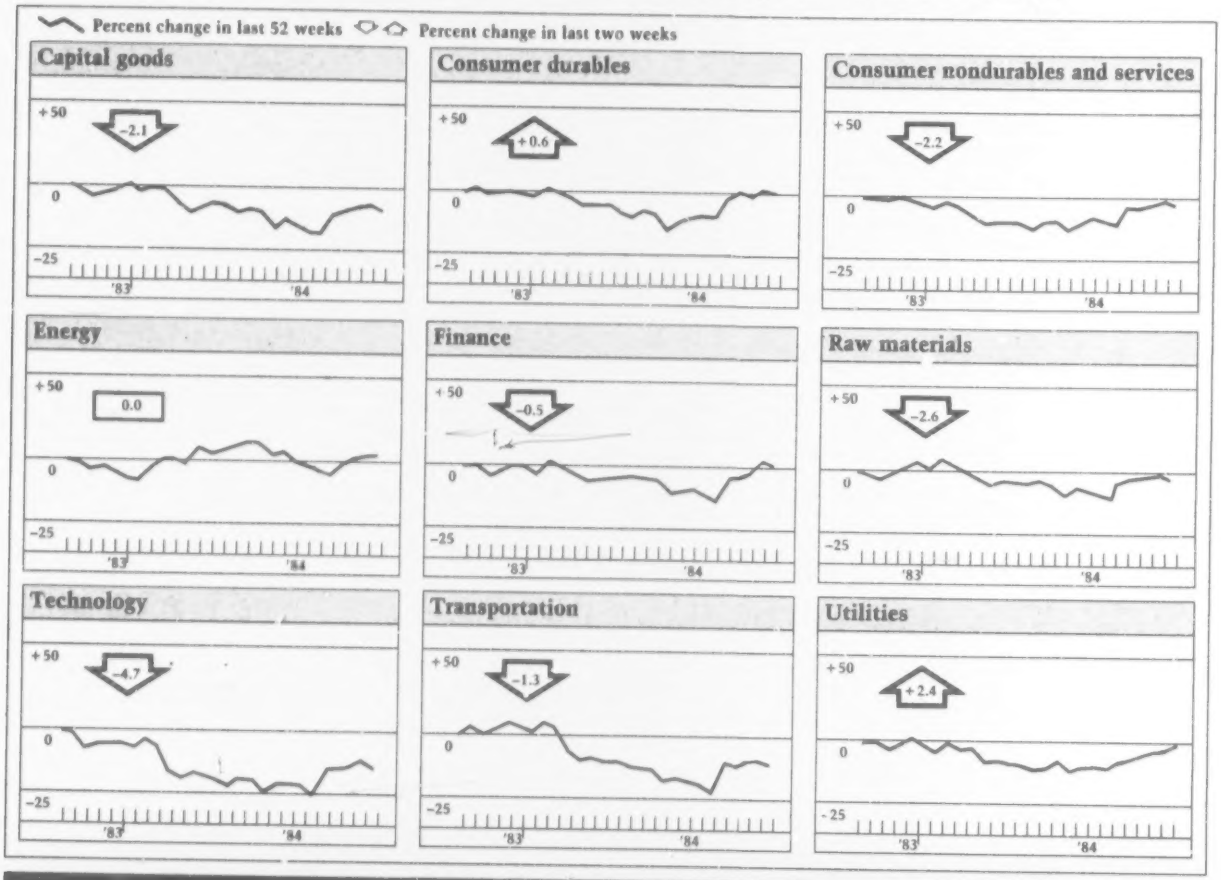
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/28/84. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Utilities make a comeback. With the well-publicized problems concerning nuclear power plants and the uncertainty surrounding the breakup of AT&T, the utility sector has limped through hard times. But now investors are taking another look at the high yields and strong financial ratings of the companies that are not caught up in controversy. The utility sector shows the best two- and four-week performance of all nine Wilshire sectors, with respective gains of 2.4% and 3.6%.

Consumer durables was the only other group to register a gain for the last ten trading days. Meanwhile, technology shares, down 4.7%, recorded the largest loss. This group was hit hard by the problems of Texas Instruments and reduced earnings estimates from Wall Street.



What The Analysts Think

A few bright spots. Except for utilities, analysts continue to cut their 1984 earnings projections. Yet the Forbes 500 is still priced at only 9 times 1984 estimates and 7.5 times 1985 estimates. This means that if both the present multiple of 11 times latest 12-month earnings and the 1985 forecasts hold, stock prices should rise sharply.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.00	11.0
1984 estimates	3.85	9.0
1985 estimates	4.60	7.5

Rank based on change in estimate	Sector	Estimated 1984 EPS	% change in 1984 estimate in 2 weeks	in 4 weeks
1	Utilities	$3.52	0.13%	0.45%
2	Capital goods	2.35	-1.09	-2.08
3	Transportation	2.56	-1.15	-2.29
4	Consumer durables	3.38	-1.29	-1.34
5	Finance	3.36	-1.57	-2.27
6	Raw materials	2.66	-1.73	-1.16
7	Energy	2.62	-1.94	-0.26
8	Consumer non-durables	2.63	-1.94	-2.91
9	Technology	1.97	-1.99	-2.95

Earnings projections are equal-weighted consensus estimates from over 1,800 security analysts. Forecasts for the 9 Wilshire sectors are limited to firms with 3 or more estimates, with a mean estimate greater than $0.50. Data are compiled and updated weekly by Zacks Investment Research, a Chicago-based quantitative consulting firm.

Note: All data for periods ending 9/28/84. Prepared by Wilshire Associates, Santa Monica, Calif.; Zacks Investment Research, Inc., Chicago, Ill.

Venture capitalists have created a problem for themselves that just may leave us with the best breed we have ever had.

THE GREAT LEMMING RACE

By Thomas P. Murphy

The venture capital industry has made a mess for itself over the past couple of years. In a mindless spate of me-too-ism, venture capitalists rushed to finance too many companies in too few industries. Now these companies that they backed are maturing; they have products to sell, and they are killing each other in the marketplace.

To get the flavor of the thing, the table below (the figures are from Capital Publishing Co.) shows venture-backed companies in two of those now-overcrowded industries, and it shows when the companies got their venture backing. That turns out to be important.

	Floppy disk	Hard disk
1978	5	1
1979	4	2
1980	7	5
1981	6	12
1982	12	18
1983	7	17

These numbers, remember, are cumulative. Fifty-five hard-disk manufacturers? We need so many? And this includes only venture-backed companies.

How could it happen? What dynamic persuaded some very sophisticated investors to overdo it so grossly? And not only in floppy and hard disks, but in microcomputers, CAD/CAM and software. Add robotics, visual systems and monoclonal antibodies. Why?

"Hubris," said David Gold when I asked him. Gold, of San Jose, Calif., is a highly respected consultant in computer and related investments. He adds: "I am now spending over half my time advising venture capitalists on what to do with troubled companies. Part of the problem," he continues, "stems from inexperienced venture capitalists." Part also stems, Gold believes, from "cognitive dissonance—you don't hear anything that you don't want to hear."

What was there to hear in early 1982 and 1983 when this binge of investing was going on? You could hear encouragement, for one thing.

As Gold points out, a research firm like Silicon Valley's Creative Strategies could announce that the new such-and-such market was going to be worth $300 million in annual sales by 1988. The venture industry was off to the races.

Now, take another look at the table. It wasn't crazy to finance 5 floppy-disk companies in 1978 or 1 hard-disk manufacturer. In fact, you can rationalize everything up until 1982. Then the growth starts getting wacky. How can you justify 18 new hard-disk companies in 1983? In my opinion, you can't.

But there is more here than hubris. Once a new technology emerges, there is a legitimate process of differentiation that begins with the launching of company number two. No entrepreneur ever got money by saying to venture capitalists that he was going to do things exactly like someone else. Successful existing companies become benchmarks. The proposals coming from entrepreneurs show how they will do it even better. There is room, say, in the hard-disk industry for the high-priced, high-density storage disk. "The trouble is," Stan Pratt, who heads Capital Publishing, told me, "five or six companies were backed to make high-density disks."

I would guess that everyone thought he was avoiding head-to-head competition. Pratt quotes a familiar line that venture capitalists use when they are selling deals to one another: "My guy says he is the only one in the business."

Nobody's guy, it turns out, was. But could you have known that in 1982 or even 1983? There, I think, lies the heart of the problem.

Venture capitalists, when they are making their investments, have little to go on. There are very few current statistics on these fast-moving industries.

Pratt's firm, in fact, gathers most of the statistics for the venture industry, and some venture capitalists, it finds, wait for months before they report an investment. Things move so fast today that an orderly trend can turn into a giddy fad before the numbers come together. Beyond that, many venture capitalists do not seem to care. They just don't bother to ask how many competitors they are going to have.

There is an excuse. The venture industry is a young one. It never had so much money. In the past, overdoing it was impossible. Now, as we see, it has become possible. What is the result?

We are living through it now. It is no accident that the stock market value of young, high-technology companies is off around 50% from its high. It is also no accident that venture capitalists are spending much of their time shoring up troubled companies.

Money, quite a lot of it, is being lost and the industry's reputation will be sullied. What emerges will be a new generation of seasoned entrepreneurs and venture capitalists who have had the Harvard Business School, MIT and Stanford kicked out of them. They will be the best we have ever had.

What about the investors—the people who paid the tuition for this education? They won't do that badly in the long run. By betting on nearly all of the horses in the race, venture capitalists will end up with nearly all of the winners. ■

Thomas P. Murphy heads a venture capital firm, Partnership Dankist, Stamford, Conn